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Southeast Asia Report

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15 July 1985

SOUTHEAST ASIA REPORT

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EDITORIALS SUPPORT GOVERNMENT'S EFFORTS TO REDUCE SPENDING

THE AUSTRALIAN

Melbourne THE AGE in English 19 May 1988 p. 10

[Editorial: "Keating's Cuts Spread the Pain"]

[Text]

LAST night's statement by the Treasurer, Mr Keating, on Government spending cuts was oddly lacking in drama. The total saving the Treasurer is claiming — \$1250 million based on forward estimates — is unimpressive enough. However, it is to be achieved not by axe strokes or razor slashes, but by a lot of earnest nibbling. The Treasurer listed almost 100 separate savings covering almost every area of Government activity, but only a handful involve sums in excess of \$50 million. Whatever else, he cannot be accused of not spreading the pain. There will certainly be howls of outrage from people ranging from sports fans furious at a \$1.5 million cut in Commonwealth support for the America's Cup defence to those who are to lose family allowances for dependent students aged from 18 to 24.

The statement also invites some cynicism. A detailed look at the cuts suggests that there is rather less here than meets the eye. Although the projected savings amount to \$259 million more than the Prime Minister, Mr Hawke, had promised, some fall into the category of easy or questionable options — spending deferred, once-off gains to be achieved by flogging off Government property or transferring functions to the private sector, promises of savings to be achieved through greater efficiency. Perhaps a third of all the savings are to be made at the expense of programs administered by state and local governments.

Still, there are many millions of dollars in real cuts, and they will hurt. Among the hardest-hit constituencies is rural Australia, which will suffer from cuts in road construction and in Commonwealth contributions to airports and air

services, as well as those of health, social welfare and education. The government's proposals tonight indicate further service reductions are being planned to meet government. Consideration for disability and the elderly persons are being highlighted. The future of social-security and social services is to be reorganized and administration of the various services is to be transferred to be handled over to private enterprise.

Particularly sensitive areas such as health, education and social welfare have not escaped Mr Keating's drub. By a hundred purposes. Indeed, some of the savings were downright draconian. The Commonwealth subsidy for children's welfare services will be cut by \$15 million in 1965-66 and \$20 million in a full year. Nursing home benefits in Victoria and some other states are to be frozen. Grants to the states for pre-schools are to be ended. At a time of very high unemployment, spending on the Community Employment Program is to be reduced by \$120 million on the 1964-65 provision. Much easier to justify is the demand to increase by \$1 to \$5 the patient contribution per prescription under the pharmaceutical benefits scheme.

Quite the most enigmatic passage in Mr Keating's long speech related to defence spending. Real growth of spending in this area will be limited to 3.1 per cent, instead of the 4.5 per cent that had been provisionally approved, producing a saving of \$84 million against forward estimates. There were no details whatever on where the savings were to be found.

In his introductory remarks, Mr Keating said the Government "wishes to ensure that companies borrowing to increase their levels of activity and investment will not be impeded by sustained public sector competition for borrowed funds". This will strike some as a curious priority for a Labor Government, but it is hard to quarrel with the Treasurer's argument that stern measures were needed to bolster business confidence, here and abroad, in the wake of the Australian dollar's sharp recent fall.

One fear must be that the piecemeal nature of the savings announced last night may have less psychological impact than Mr Keating hoped for. However, doubters among the business community may well be reassured by the strength of the outcry that will certainly erupt this morning as other Australians count their losses. Last night was not necessarily the end of the medicine either. Mr Keating described the cuts as "a first and major instalment" and went on to promise that they "do not mark the end of the expenditure restraint process". He made it sound more a promise than a threat, although we still require evidence that he is as ready to be tough with the trade unions as he has been with war veterans and rural communities. His comments on wage restraint at the end of his speech were hardly fierce.

'Should Reassure Foreign Exchange Markets'

Sydney THE SYDNEY MORNING HERALD in English 15 May 85 p 12

[Editorial: "A Message for the Markets"]

[Text]

IN WHAT could be described as a culling of sacred cows, the Hawke Government has carved \$1.26 billion out of its forward estimates to reduce its spending growth in 1985-86 to about 2 per cent in real terms. That is about one third of the growth of Federal spending budgeted for this financial year. The cuts should ensure that the Government can meet its "trilogy" of Budget promises — no increase in spending and taxation and a reduction in the deficit, all measured as a proportion of gross domestic product, during the Government's current term.

They should also reassure the foreign exchange markets which in April suffered an attack of jitters about the Government's capacity to hold to the rigours of its stated economic strategy. With the capital and foreign exchange markets clearly in mind, last night's mini-Budget also included reassuring statements on the stance of monetary policy (although not the monetary target that the money market would like) and wages policy. The Government is to argue for a deferral of the promised productivity wage increase to counter the inflationary impact of the dollar's depreciation.

The spending cuts have hit political sacred cows such as veterans' and war widows' benefits, employment creation programs, rural petrol subsidies and the CSIRO, because the Government had no choice. The forward estimates, which indicated a real growth in Government spending of just

over 3 per cent, contained little fat. And while the affected interest groups will fight to have the decisions reversed, there is little, if any, room for the Government to retreat. That is not just because past razor gangs have left the present razor gang with no easy options. An important objective of last night's mini-Budget is to regain the confidence of the international capital and foreign exchange markets. The Government will not want to be seen to be backing and filling.

In any case, the Government's choice of programs to cut seems fair. Assistance to veterans is — and should be — generous. But for obvious reasons generations of politicians have erred on the side of generosity. The Community Employment Program, which is to be cut by \$120 million from this financial year's level, is a sacred cow of the ALP and the cut will infuriate the Left. But with the economy entering its third year of strong growth, the case for winding the program back is obvious. The decision to scale down export assistance will be met with howls of protest from business, but it is clear that much of the assistance has been wasted and business cannot demand that the Government cut its spending but expect its perks to go untouched. The same applies to the rural sector which, among other things, has lost most of its petrol subsidy.

Of course, those affected by the cuts will not quite see it that way. But the capital and foreign

markets should. The spending cuts are in excess of those foreshadowed by the Prime Minister. Mr Hawke's promise was sufficient to send the Australian dollar back up to US70c. Given the propensity of speculators to "buy on rumour and sell on news", the Australian dollar could lose some ground now that the cuts have been announced. But, essentially, the Government has delivered the fiscal restraint the market has been demanding.

It remains to be seen if the market is satisfied with Mr Keating's assurances on monetary policy and wages. However, the Government's fiscal discipline gives its assurances on monetary policy credibility. So should last night's large bond tender. And its statement on wages should go a long way toward allaying fears that the Accord would not stand an attempt to contain the inflationary effects of the dollar's depreciation. The unions are clearly opposed to the discounting of CPI wage increases. But the Government has given what amounts to a commitment that the productivity case will be manipulated to achieve the de facto discounting of wages. That should be enough to steady the hands of those corporate treasurers who have been reluctant to hold the Australian dollar.

AUSTRALIA

DOLLAR SINKS IN 'THUMBS DOWN' TO KEATING'S BUDGET

Sydney THE AUSTRALIAN in English 17 May 85 p 11

[Article by Tim Allerton and Ian Howarth]

[Text]

THE Australian dollar sank further yesterday as the money market and currency speculators gave the thumbs down to the Federal Government's mini-Budget presented by the Treasurer, Mr Keating, on Tuesday night.

Last night, the dollar was down to US67.80c, after having reached almost US71c on the eve of the mini-Budget.

Even so, there appears to be a resistance point of US67.50c where overseas buyers enter the market, preventing any major falls.

The wide trading range also has made it difficult for many analysts to predict the immediate future of the currency, with opinion evenly divided.

Economist with the Macquarie Bank Mr Bruce Rolph described the mini-Budget as a "fairly weak document" and the bank had advised its clients several days ago that the Australian dollar would weaken.

In contrast, the manager of Westpac's foreign exchange division, Mr Peter Chan, said: "We are not bearish at all."

He said the bank had seen the mini-Budget as "the first jabs by Mr Keating before the major body blows are made in August".

Mr Chan said with this concept in mind investors should be prepared for better conditions in the dollar in the lead-up to the August Budget.

Economist at Lloyds Interna-

tional Mr John Stroud said the market had reacted negatively to the mini-Budget with the major determinant on the dollar's direction to be seen in overseas markets.

However, he was quick to point out that much of the selling activity in the past two days, which had seen a US3c fall in the dollar, "could have gone too far".

The negative tone about Mr Keating's spending cuts exercise also moved into the bond and commercial bill market. The bond market, in particular, has reacted most unfavourably with dealers referring to the Government moves as "Clayton's cuts".

Ten-year bonds, which just two days ago moved down to 13.6 per cent in anticipation of substantial spending cuts, have quickly jumped higher to close yesterday at 13.75 per cent.

Dealers said the cuts, as announced, had not achieved the desired effect of convincing the capital market that the Federal Government was serious about reducing the growing deficit.

The bullish tone in financial markets, which peaked on Tuesday, had now moved firmly back into a bearish mode locally and internationally, dealers said.

The bond rates climbed right across the board yesterday in trade described generally as jittery.

Two-year bond rates also climbed from 13.3 per cent on Tuesday to close yesterday at

13.5 per cent.

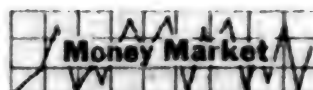
The bearish mood has not been helped by a rumoured lack of interest in the coming bond tender from Japanese investors.

The Japanese traditionally have been strong supporters of Australian Government bond tenders and hold the biggest proportion of local bonds.

Dealers said the Japanese trading houses had been selling government securities, preferring to buy hard currency, in recent weeks.

Bill rates also climbed yesterday amid trepidation about the long-term future of cash rates.

Yesterday, 90-day bills rose to 15.5 per cent, up from 15.45 per cent on Wednesday and 15.35 per cent on Tuesday.



	Wed	Thur
Cash	16.50	15.75
90-day bills	15.45	15.50
180-day bills	14.73	14.75
2-year bonds	13.30	13.50
10-year bonds	13.78	13.75
Use/\$A	68.75	67.80

The 180-day bills, the most actively traded paper, rose from 14.73 per cent on Wednesday and 14.6 per cent on Tuesday to 14.75 per cent.

Dealers said, however, the decline in the Australian dollar's value also helped put the skids under the bill market.

THE Reserve Bank yesterday confirmed reports in *The Australian* that it had not intervened to support the dollar.

The Reserve Bank revealed in its latest bulletin that in the March quarter it was a net seller of only \$US276 million (\$400 million) and that was to test the market.

This contradicts reports that the bank had been spending up to \$500 million a day during the dollar's free-fall.

The bank says its objectives were "to keep in touch with and test market developments, and to help smooth large flows where appropriate".

It adds, however, "volatile market conditions meant that the occasions for testing and smoothing were more numerous and transactions tended to be more one-sided."

AUSTRALIA

TWO CABINET MINISTERS JOIN KEATING TAX CRITICS

Sydney THE AUSTRALIAN in English 14 May 85 pp 1, 2

[Article by David O'Reilly]

[Excerpt]

THE Treasurer, Mr Keating, seems to have been even further isolated in his battle to introduce a consumption tax after strong reservations voiced by three key ministers at Sunday's special Cabinet meeting, which ran into the early hours of yesterday morning.

The Minister for Finance, Senator Walsh, tabled a paper outlining a series of tax options as possible alternatives to Mr Keating's contentious 12.5 per cent retail tax.

But despite what seems to be coalescing ALP political and industrial support for the new tax mix based on a major overhaul of the income-tax, and wholesale-sales tax structures, Mr Keating is believed to be standing his ground in support of the across-the-board consumption tax on goods and services.

Right up to Sunday's meeting, which began at 3pm and went until 1am on Monday, Mr Keating was insisting new data from Treasury, worked into the draft 360-page White Paper, would provide the information to substantiate his claim that the consumption tax was the only way to reform the tax system.

But two other ministers, the Minister for Employment and Industrial Relations, Mr Willis, and the Minister for Trade, Mr Dawkins, are also believed to have expressed concern about the consumption-tax route.

Mr Willis, who is concerned the tax would create an inflationary surge of 7 or 8 per cent by 1987, gave his support to the Minister for Social Security, Mr Howe, who has been leading the assault on the Keating line.

Mr Willis is believed to have emphasised his view that equity was the primary question involved and that he was yet to be convinced the consumption tax would bring the most equitable distribution of resources.

Mr Willis' opposition to the tax is crucial because of his standing as a key supporter of the Prime Minister, Mr Hawke, and as the Government's link man in negotiations with the unions, which will have such a powerful role in the realisation of tax reform.

But with the Minister for Foreign Affairs, Mr Hayden, not due back from his trip to India until May 28 the expressed concerns of his Centre Left colleague Mr Dawkins are also significant.

The Centre Left convener, Senator Peter Cook, speaking as an individual, launched a scathing attack last week on the Keating plan and urged instead a broad restructuring of the income-tax system without a consumption tax.

Senator Cook argued a consumption tax would increase inflation to up to 20 per cent by 1987, threatening the Government's macro-economic management strategy and its chances of re-election.

Mr Dawkins' comments reflect his solidarity with Senator Cook, but much will depend on what Mr Hayden, the former treasurer and influential Cabinet figure on economic matters, says.

Mr Hayden played a major role in supporting Mr Keating's initiatives when the foreign bank-entry and currency-floating decisions came before Cabinet.

Mr Hayden will miss the next Cabinet meeting on tax, as well, but it is clear no decision will be made until he returns.

According to some sources yesterday, not one of the 17 Cabinet ministers spoke up in sympathy with the Keating view on the consumption tax.

Put under pressure by the Opposition yesterday, Mr Keating refused to indicate in Parliament whether the Government intended outlining its preferred option when the White Paper was published in the first week of June.

He told the Opposition it would have to wait to know if the Cabinet would come down in favour of a particular option.

This response prompted the Deputy Opposition Leader, Mr Howard, to claim it showed the Government was wracked by "indecision, confusion and disputation" on tax.

"It is a simple enough matter to indicate whether or not the paper will contain a preferred option," Mr Howard said.

CSO: 4200/1134

15 July 1985

AUSTRALIA

MORE LABOR OPPOSITION TO TAX REFORM PROPOSALS

BK230928 Melbourne Overseas Service in English 0830 GMT 23 Jun 85

[Text] The Victorian branch of the Australian Labor Party has joined the three other state branches by strongly opposing the federal government's proposed consumption tax on goods and services. At its annual meeting in Melbourne the party rejected the government's preferred tax reform option saying the consumption tax would benefit only middle- to upper-income earners at the expense of low-income earners. Instead the branch had called for a more progressive income tax system and the reintroduction of death and gift duties.

The Victorian branch joins the South Australian, Queensland, and the Australian Capital Territory branches in rejecting the proposed tax reforms.

Meanwhile, in Adelaide, the prime minister, Mr Bob Hawke, has repeated his government will listen to arguments against its preferred tax option. Mr Hawke said at next month's tax summit in Canberra the government would listen to the concerns that state governments, unions, businessmen, and welfare groups have about the ideas. Although the government believed the consumption tax is the best method of tax reform, [word indistinct] Hawke said if there was a better way of doing it it will be done that way.

CSO: 4200/1125

AUSTRALIA

GOVERNMENT 'THREATENS' OTHER MEASURES AFTER BILL DEFEATED

Melbourne THE AGE in English 16 May 85 p 23

[Article by Peter Gill]

[Text]

The Federal Government has threatened to take tough measures to recover revenue lost through the defeat in Parliament yesterday of its controversial cash-bidding proposal for awarding oil exploration permits.

The Australian Democrats combined with the Liberal-National Party Coalition to defeat the proposal in the Senate, ending one of the most contentious debates in the exploration industry since resource-rent taxation last year.

The rejection of the legislation is only the second setback for the Hawke Government in its second term and the first for the Minister for Resources and Energy, Senator Evans.

However, the Government did not go down quietly. With defeat imminent, Senator Evans canvassed revenue-raising measures which would again inflame the feelings of explorers.

While steadfastly maintaining that revenue raising was not a primary objective of cash bidding, Senator Evans said the Government had counted on extra revenue in its deliberations on the 1985-86 budget. He said later that the potential revenue was "in the order" of \$40 million to \$50 million.

Senator Evans said: "If the cash-bidding legislation is rejected, the Government will be forced to look to alternative measures to make up the expected revenue shortfall."

He said a premium of \$10 million might be attached to the granting of a retention lease, or a "signature bonus" of \$1 million required from the successful bidder for exploration acreage under the present work-program system.

Legislation now before Parliament would facilitate retention leases, which would allow a company to keep control of an uneconomic oil or gas discovery for up to 15 years until it became a viable development proposition. At present an explorer is required to move to develop a discovery or relinquish the permit.

However, the retention leases proposed involve an annual fee of only \$4500 for each block in a permit, which would probably lead to a maximum fee of perhaps \$40,000 in a year against the \$10 million single payment suggested yesterday by Senator Evans.

Senator Evans said: "The requirement for the payment of a premium would ensure that the community receives part of its share of economic rent from the resource at an early stage."

The executive director of the Australian Petroleum Exploration Association, Mr Keith Orchison, last night welcomed the defeat of cash-bidding, saying APEA believed the proposal "was the wrong policy at the wrong time".

The "gigantic" retention lease fee suggested by Senator Evans would have the same depressing effect on exploration as APEA had feared would result from cash bidding, Mr Orchison said.

"Senator Evans has insisted that revenue raising is not an important part of the cash bidding concept. In light of his comments this morning, the exploration industry is entitled to be sceptical," Mr Orchison said.

APEA and the Democrats were instrumental in the defeat of the cash-bidding legislation, having lobbied Senator Evans for modifications to the existing work-program system as an alternative.

They oppose the central principle of cash bidding, which would involve an auction process and an up-front payment to the Government. The highest bidder would have been granted the permit.

Cash bidding was proposed to overcome a selection process within the existing system, where applicants pledge to undertake a certain amount of exploration in a permit. Senator Evans said the Government would now further examine an APEA proposal which would lead to greater enforcement of work-program commitments.

AUSTRALIA

RESERVE BANK 'DISCLOSES' INTERVENTION IN CURRENCY CRISIS

Sydney THE SYDNEY MORNING HERALD in English 17 May 85 p 13

[Article by Stephen Hutcheon]

[Text]

The Reserve Bank yesterday took the unusual step of detailing the extent of its "intervention" in the local foreign exchange market during the first two months of the currency crisis.

Communicating through its monthly *Bulletin*, the RBA discloses that during the three months to the end of March, a time of extreme volatility in foreign exchange markets, it made net sales of \$US276 million in the market.

When compared with a daily turnover in the local currency market of about \$7 billion, the figures provided by the RBA tend to debunk the market's view that the bank was involved in direct intervention to prop up the dollar.

Despite its increased level of activity in the currency markets, the RBA says its objectives were unchanged - to keep in touch with and test market developments, and to help smooth large flows where appropriate.

"However, volatile market conditions meant that the occasions for testing and smoothing were more numerous and transactions tended to be more one-sided."

The revelation is part of the RBA's policy of new-found candour and its promise to be more open with the market. In addition, the *Bulletin* also provides some revealing historical insights into

its handling of monetary policy.

Commenting on the state of the domestic monetary system, the RBA acknowledges that as the March quarter progressed private demand for funds, especially from the banking system, was stronger than expected.

"This led the bank in its market operations to lean more heavily against the possibility of excessive growth in money and credit."

The article reiterates statements made by the bank's governor, Mr Bob Johnston, in a speech the previous day in which he spelt out the RBA's aversion to indirect intervention to influence the exchange rate - that is, through carrying out policies to force up interest rates.

Mr Johnston said that should the tightening of monetary policy initiated by the markets force up interest rates at a time when the exchange was volatile, then the bank should "acquiesce".

Also included in this month's *Bulletin* is a treatise on monetary policy prepared for the Economic Planning and Advisory Council which complements some of the statements made by Mr Johnston.

In particular, the paper stresses the distorting effect the process of "reintermediation" has on the M3.

CSO: 4200/1134

AUSTRALIA

USSR DELEGATION EXPOSED TO PARLIAMENT ESOTERICS

Sydney THE SYDNEY MORNING HERALD in English 16 May 85 p 4

[Article by Ananda Buckley]

[Text]

The Hawke Government would be remembered as the only government which managed to get its percentage of the votes down to the level of interest rates, according to one disaffected minister after the mini-budget cuts announced this week.

The minister was a factional colleague of the Prime Minister, not, as you might expect, a member of the Left or Centre-Left.

When Paul Keating delivered the mini-budget on Tuesday night nearly all the cheers came from the Opposition — there were many white silent faces on the benches behind the Treasurer.

It was no wonder that Mr Hawke was prepared to berate the Opposition yesterday for suggesting that the \$1.25 billion cut in the forward estimates failed the test of winning support from the business community.

Waving a handful of favourable press releases from business organisations, Mr Hawke threw back Mr Peacock's comment. The Business Council of Australia strongly supported the cuts and said the mini-budget would restore confidence in the business community. Sir Arvi Parbo, of Western Mining, welcomed the statement; the Australian Chamber of Commerce said it was positive and constructive;

and the Confederation of Australian Industry said the cuts were a step in the right direction.

In the Senate, meanwhile, the razor gang's most vivid blade-man, Peter Walsh, lampooned the Opposition's attitude to the Government's expenditure cuts stating that the Opposition members had been proved absolutely wrong in thinking the cuts could not be achieved.

He said they had fallen "into the mud on their face, like Sir John Kerr at a country show".

A delegation of Russian high level officials watched the proceedings in the House of Representatives yesterday in total disbelief.

When they were welcomed to Question Time by the Acting Speaker, Joan Child, an uproar broke out as Opposition members suggested they should be sitting in "Moscow corner" — a pet name for the back corner of the Government benches occupied by the left wing.

In the Senate Question Time Fred Chunev, the leader of the Opposition in that Chamber, said they should offer Peter Walsh to NATO because his answers drove the Russians from the visitors' gallery. Senator Walsh said he thought Shirley Walters, a formidable interjector for the Opposition, had driven the Russians out in case anybody had seen her in the same chamber as the Communists.

AUSTRALIA

COLUMNIST PUBLISHES LETTER COMPARING JAPAN, AUSTRALIA

Sydney THE AUSTRALIAN in English 14 May 85 p 11

[Article by B. A. Santamaria]

[Text]

US financial interests - as distinct from the Reagan administration - are pursuing a curious policy in relation to Japan.

After the denunciation of the Anglo-Japanese naval agreement, the cost of antagonising Japan proved to be the organisation of the Greater East Asia Co-Prosperty Sphere and the consequent Pacific war - in less than 20 years.

Despite that lesson, *The Australian's* Maxwell Newton reports (May 10) that Morgan Guarantee Trust Co proposes "a targeted surcharge on Japanese imports as a partial solution to the problem of the US trade deficit and the strong (US) dollar".

This will involve an attack on Japan's "self-image deeply rooted in Japan's bureaucracy and society at large".

These vague words are meant to cover an almost total change in Japan's economic and financial structure, essentially compelling the Japanese to consume more and save less. Having built the world's most successful economy, they are to be pressured into changing their way of life for the crazy, debt-based instability which has brought the Western economies to a financial precipice.

The Japanese might be excused for regarding this threat as insolence.

It is this proposal which encourages me to set out the contents of a letter I received this week from an Australian who taught for two years in a

Japanese university and is now back there visiting the parents of his Japanese wife.

While his letter is primarily devoted to pertinent observations on what he has seen in Japan, his mental eye is focussed on the comparison between Japan and Australia.

"I know little about economics or the arguments used by economists," he wrote. "I can therefore only write about what I've observed."

"The first embarrassment which an Australian visiting an Asian country experiences today is when he cashes Australian dollars.

"When I was last in Singapore, an Australian dollar purchased about three Singapore dollars. Now it barely gets one-and-a-half. Unless there is a dramatic reversal, the Singapore dollar, once worth 30 cents Australian, may come to carry more value than its Australian counterpart. Despite this, Australian politicians, educationists and media commentators continue to bandy the nonsensical notion that Australia is still making progress.

"As you know," his letter continues, "I worked at a small university in Japan in 1974 and 1975. The Australian dollar was then worth up to 450 yen. Last week, I got 145.

"A certain amount of inflation has been experienced in Japan and it has had its inevitable effect over the ten years. Petrol (which is imported) has gone up over 60 per cent, and, as a result, transport costs have doubled.

"However," he adds, "a local 'phone call in Japan still costs the same as it did over the last couple of decades — 10 yen. A washing machine can be had for the same price as it cost ten years ago — 20,000 yen. If the Australian dollar had kept its value, that would be about \$50 Australian. Since it hasn't, it is \$135, which is still about a third to a quarter the price you'd pay in Australia."

"I quickly discovered that the savings we had carefully husbanded for our visit got us practically nowhere."

"I have had to pay \$200 Australian a night for very average accommodation for my family in Tokyo. If the Australian dollar had kept its value, I would only have had to pay \$70. Bus fares from Narita airport to downtown Tokyo would only be about \$20 Australian, instead of about the \$60 we had to pay."

"Though the sick and desperately needy families can expect some governmental assistance in Japan, the attitude that one does not have to work to get an income is non-existent. My father-in-law, at 78, still teaches the cello nearly every day and considers that normal. Should he be forced to stop, he would look to his family for assistance, rather than to the government. This Japanese habit, if adopted by Australia, might simplify the problems of government and treasury in compiling the next Federal Budget."

"The Japan Times is an English-language daily. A letter from a tourist recently decried the fact that the newspaper advertised jobs on the basis that some types of work would better suit a woman, and others a man. The tourist's letter said this 'discriminatory' advertising was now illegal in many progressive countries. Since the Japanese are not the idiots the correspondent takes them to be, it can safely be anticipated that the letter will be ignored."

"Japanese women with young children don't expect to hand them over to someone else to care for (and pay for) while they go out, either because they want to, or are forced to, to earn more household money."

"The immaculately groomed, contented and well-behaved small children going to and

from school provide eloquent evidence of the fact that they have a full-time mother caring for them."

"I doubt very much that the rot which passes for education in Australian schools would even get a hearing in Japan, let alone be taught. In particular, the endless fooling about with 'clarifying values' in the field of moral education, so that children can decide for themselves what is right and wrong, would be quickly dismissed as the education rubbish it really is."

"Nor do the children have to study novels of the type which HSC students get in my State, such as this year's typical one on the theme, 'Betty is single, eighteen and pregnant ...' This is not because Japan is a particularly puritan society. Some Japanese males have won an unenviable reputation for themselves abroad."

"Life in Japan is not a basket of roses. The Japanese do not have the natural paradise Australia is blessed with. They have a tiny land, a huge population and virtually no natural resources and yet the country prospers. The people harness their energies for the good of all. They don't turn off the power, hold up the ships, stop the mail, 'phones, and trains endlessly for a 'log of claims'. They have the queer notion that patient and consistent work will, in the end, produce more for everyone."

" 'Cheap Japanese trash' used to be a well-worn platitude. Not now. 'Cheap Australian trash' might be closer to the truth as the Japanese see Australian bankers and businessmen coming to Japan, cap in hand, to borrow the money we can't earn for ourselves. Last year, even the almighty United States borrowed \$40 billion from Japan. For American commercial interests to threaten to 'punish' Japan for its success merely proves that while you don't have to be crazy to be a business magnate, it does help."

"For the first time in my life, I realise that I belong to a nation which others are beginning to despise. And I don't like it."

That's the end of his letter. I don't like it either.

AUSTRALIA

ARTICLE SUMMARIZES CER BENEFITS

Sydney THE AUSTRALIAN in English 16 May 85 p 22

[Article by Neale McMillan]

[Text]

CLOSER Economic Relations between Australia and New Zealand will stand up well to scrutiny at its first ministerial summit conference in Canberra on August 15-16.

No one denies the hiccups, particularly in investment — when the National Bank of New Zealand was initially denied access to Australia, and a retaliatory ban applied by the former Prime Minister, Sir Robert Muldoon, on would-be Australian investment in New Zealand.

In other respects, the implementation of CER since January 1983 has caused fewer problems than New Zealand expected. Early fears that provincial based industries would re-site their operations near the main ports did not eventuate and New Zealand manufacturers in particular have cause to be pleased with CER.

Minister of Trade and Industry, Mr Caygill, says: "We have done rather better out of CER than we thought we might. We have expanded our share of trade with Australia slightly faster than Australia has its share with us."

"But both sides have benefited, and there's no suggestion from the Australians that they regret CER."

By opening up new opportunities it has been possible to bring in some of the problem trade areas which previously looked difficult to resolve. A prime example is motor vehicles on which there is an agree-

ment to apply CER in a modified way.

Trans-Tasman investment is a sticky area which is still under discussion, but Mr Caygill says: "It's important to acknowledge the force in the Australian argument that there have been really very few instances where New Zealand companies wanting to invest in Australia have been declined."

Apart from the National Bank of New Zealand example, he says, "I know of no instances at the moment where we have not been able to get the agreement of the Australians. But remember we have also opened our door."

Under CER, New Zealand has become Australia's fifth largest source of imports. It now ranks after Japan, the United States, the United Kingdom and West Germany. It supplies 3.8 per cent of Australia's total imports, rising from \$A694 million in 1982-83 to \$A922 million in 1983-84.

New Zealand also has become Australia's third largest export market after Japan and the US; rising from \$A1155 million to \$A1401 million in the same period, which represents 5.6 per cent of total Australian exports.

More significant is that New Zealand is Australia's largest single market for manufactured export. New Zealand bought 16.1 per cent of Australian manufactured exports in 1983-84 — more than the UK 10.6 per cent, US 10.3 per cent and Japan 9.2 per cent.

Though the balance of trans-Tasman trade still favors Aus-

tralia, it remains fairly scattered at about 1.5 to 1.

For New Zealand the main export growth areas in Australia since CER have been textile yarns and fabrics, wood, veneers, household electrical appliances, fruit and vegetables, cutlery, metal household equipment and live animals - all up by between 45 per cent and 58 per cent in a single year. The only significant drop was for paper and paperboard, down 18 per cent.

Australia's main export gains have been passenger cars, non-mechanised trade, iron, steel and metal manufactures, copper and other items for which details are not separately available.

The one significant drop was in refined petroleum products, down by 7.5 per cent, or \$19 million to \$A234 million.

New Zealand's delegation to the August CER summit will involve both the Minister of Overseas Trade and Marketing, Mr Mike Moore, and Mr Caygill.

They plan to review the agreement to date, discuss an agenda for the mid-term general review in 1988 and consider how to broaden some aspects of existing trade.

Both countries have been reviewing their apparel industry but Australia's may not be completed until next year, and Mr Caygill won't be surprised if he has to wait until then.

CSO: 4200/1134

VIET REFUGEES, AUSTRALIAN COMMUNISTS RIOT IN SYDNEY

Sydney THE AUSTRALIAN in English 13 May 85 p 9

[Article by David Hirst]

[Text]

SYDNEY, May 3, and a group of Australian communists and others gather to celebrate the 10th anniversary of the fall of the South Vietnamese Government.

Outside the Waterside Workers Federation building, young Vietnamese are gathering too, armed with stones, sling shots, paint bombs and bricks.

The organisers of this Vietnam Moratorium reunion fear trouble. Just days before there has been a violent demonstration at a similar meeting in Glebe.

Suddenly the protesters attack the building, quickly smashing all the first-floor windows, then rush the foyer as organisers battle to stop them breaking through to the main hall. One man is stabbed in the hand, another hit by a brick and knocked unconscious.

A war of political ideas, peppered by violent demonstrations against representatives of the Vietnamese Government, has turned on the Australian left-wingers, the people some Vietnamese term the "white communists".

Four days later in Melbourne, the far-Left group, the Spartacist League, forms its own "defence guard" to back up police when it holds a similar fall-of-Saigon celebration. Feelings run high among the anti-communist demonstrators, mostly Vietnamese, but there is no violence. At least two other political func-

tions are cancelled because of fears of disruption.

On April 28, the Sydney-based Vietnamese newspaper, the *Bell of Saigon*, had told its readers: "The law in democratic countries restricts us, so we must find a way around that. To win victory is the most important thing. In fighting communists, the word non-violence has no place. When fighting, you must expect some sacrifices and bloodshed."

There are 83,000 Vietnamese living in Australia — more than a quarter of them in Sydney and about 8000 of them concentrated in the suburb of Cabramatta, 30km from the city.

According to the two social workers who work with the community, there are social as well as political factors behind the outbreaks of violence.

Since 1978, Cabramatta has been transformed from a typical Australian middle to lower class suburb to a delightful Asian community dominated by the Vietnamese.

Although Australians still walk in the Cabramatta shopping centre, they look out of place in the bustling, modern, Asian atmosphere. But the prosperity is only skin-deep. Cabramatta has all the ingredients for urban unrest and the suburb has seen its share of violence.

Don Stead, a local postman, casually points out the John Street club where a Molotov cocktail exploded a few weeks back, and the spot where a 16-year old Vietnamese was fatally stabbed on May 4.

Unemployment is high — the average unemployment rate for Vietnamese in NSW is 36 per cent and is believed to be much higher among young Vietnamese.

Many are separated from parents still in Vietnam, unable to join the exodus from their country in the past decade.

Seventy-seven per cent of Vietnamese who arrive in Australia speak no English and the competition for intensive English language classes means that up to 10 per cent of Vietnamese receive only basic language skills.

In Cabramatta, overcrowding is chronic with 31 per cent of teenagers living in households of six to eight people, while 19 per cent are crammed into houses with nine or more occupants. There are no youth community facilities and only two social workers for the community.

Not surprisingly, many young Vietnamese form gangs. But, unlike other gangs, the members are instilled with a hatred of communism reinforced by the fact that they have only recently been allowed to join relatives in Australia. Many have close relatives in "re-education" camps in Vietnam.

Australian communists are seen as the agents of the regime that now represents their country in Canberra.

According to Mr Vo Cuong, a social worker who works with the Vietnamese community, if Australia takes in more young refugees it will worsen an already dangerous situation.

Mr Vo who, having spent six years and nine months in a jungle re-education camp, admits to having no love for the Vietnamese Government, claims that most of those involved in the recent demonstrations are 18 to 20-year-olds.

He says this group, having only recently escaped from Vietnam, are particularly incensed by pro-communist meetings and are impossible to control.

But the Communist Party of Australia has a much more sinister analysis — it believes these youths are the front for a well-organised right-wing group with connections with other right-wing organisations such as the Captive

Nations Council.

The council is an umbrella group which supports refugees from all communist countries and is identified with the extreme Right in Australian politics. Mr Vo happily admits that many Vietnamese right wingers in Australia work closely with the council, describing their relationship as being "very close".

He claims, too, that the Vietnamese Embassy in Canberra is partly to blame for the recent troubles. He says the embassy sent out "provocative" invitations to the Sydney meeting to people in Cabramatta in what he believes was a deliberate attempt to orchestrate a public confrontation.

"This gives the worst impression to the Australian people — they are trying to fool the Australian people," he says.

He admitted he attended the WWF demonstration but "only to see what happened".

Mr Vo says he and the older people in the Vietnamese community deeply regretted attacks on Australians who were members of the Communist Party or those who supported the Vietnamese Government.

He insists, too, that the three Vietnamese newspapers circulating in the community try to restrain the behaviour of the zealots but translations of the articles made by the Communist Party tell a very different story.

Articles appearing in the bi-weekly *Bell of Saigon* have, according to the translations, supported the "extermination of communists" and called on Vietnamese to break laws to do so.

"Should we organise groups of knights to exterminate communists?" the newspaper asks. The Vietnamese disagree with this translation of "exterminate", saying that a more accurate translation is "to get rid of them".

The May 3 attack was described in an edition of the *Bell of Saigon* as being the actions of the *hiep* so or knights.

However, another Vietnamese paper, *The Sunrise*, last week reprinted an editorial from Sydney's *Sunday Telegraph* which attacked the Vietnamese actions. *The Sun-*

rise also condemned the actions.

The secretary of the Australia-Vietnam Society, Mr Chris Ray, claims that supporters of the Hanoi Government in Australia are no longer dealing with demonstrators but with terrorists.

"It's not a case of worrying about a demonstration getting out of hand any more but calculated political terrorism designed to intimidate people and stop them meeting," Mr Ray says.

"If nothing is done it is only a matter of time before someone is killed - that's obvious. But if they couldn't win the war over there what makes them think they can win by fighting it again here?"

The violence threatens to create a backlash against the many Vietnamese who have settled successfully in Australia and want to forget the years of warfare.

CSO: 4200/1134

AUSTRALIA

EDITORIALS VIEW ALP LEFT'S REACTION TO VIET VIOLENCE

Victorian ALP Resolution Criticized

Sydney THE AUSTRALIAN in English 17 May 85 p 8

[Editorial: "Sheer Humbug of Socialist Left"]

[Text]

THE first thing to be said about the violence at recent demonstrations by members of the Vietnamese community against left-wing celebrations of the fall of Saigon some 10 years ago is that it should never have happened. That tiny minority of the Vietnamese community prone to violence does a grave disservice to the whole Vietnamese community in Australia by violent actions and demonstrations.

The Vietnamese who have come to Australia came to escape totalitarianism and to contribute to Australian democracy. It is a feature of democracy that people hold strongly conflicting opinions without resorting to violence.

That being said, several crucial facts must be acknowledged. The demonstrations were by a tiny minority of the Vietnamese community. The violence was deplored by Vietnamese community leaders and was carried out by a small number of individuals. The Vietnamese, like other Australians, have every right to hold demonstrations, but, again like all other Australians, they have an obligation to abide by the law and demonstrate peacefully.

However, whatever guilt there is in this violence attaches to individuals,

not to the Vietnamese community as a whole. Branding whole communities because of the actions of unrepresentative individuals has been one of the more pernicious practices of this century. What is truly deplorable in this situation is the attempt to exploit these demonstrations and use them as a club to batter the whole Vietnamese community within Australia.

This is effectively what the Victorian ALP has done by passing a resolution demanding that no more Vietnamese refugees, thousands of whom are languishing with very little hope in refugee camps throughout Asia, be admitted into Australia, but only those Vietnamese whose departure is approved by the despotic Vietnamese Government.

The Victorian Socialist Left, which moved this obnoxious resolution, claimed it was prompted by the violence at the recent demonstrations. The sheer humbug of the Victorian Socialist Left in moving such a resolution is breathtaking. It is only a few weeks since Australians watched on their television screens the storm-trooper tactics of supporters of the Socialist Left when representatives of four previously expelled right-wing unions entered the Victorian ALP conference. The spokesmen for the Socialist Left did not regard this as

reason to condemn all of the Socialist Left faction, much less all of the ALP, because of the violent actions of a few.

A spokesman for the Prime Minister's Labor Unity faction, Mr Alan Griffiths, MHR, described the Socialist Left's resolution as an "obscenity". The Vietnamese who have settled here have made a valuable contribution to Australian life, and the program of refugee settlement generally has been an outstanding success. Those Vietnamese, Kampuchians and Laotians still waiting in Asian refugee camps for a country to accept them continue to have an overwhelming claim on our compassion.

Hanoi Concerns Viewed

Sydney THE SYDNEY MORNING HERALD in English 17 May 85 p 8

[Editorial: "Labor's Left Vs. Vietnam's Right"]

[Text]

IT IS not difficult to sympathise with former refugees from Vietnam who find nothing to celebrate in the 10th anniversary of the end of the Vietnam War. But to use violence against people who insist on celebrating that event — as Vietnamese groups did at Glebe and again outside the Waterside Workers' Club — violates the letter and the spirit of Australian democracy. Equally, it is not justifiable to try to evade Australian laws — a sentiment recently expressed in the Vietnamese-language press, according to some translations — and use Australia as a base for the overthrow of the regime in Hanoi.

While many refugee settlers have at times exuberantly used their new political freedom to peacefully demonstrate against Hanoi's representatives or supporters here, the recent violence is another matter. There is little doubt that it is deplored by

most Vietnamese in Australia, especially by their community leaders. A dangerous tendency is now surfacing in the wider community, however, to use the misbehaviour of a minority to stigmatise the entire Vietnamese community, and even to victimise potential migrants.

The Vietnamese community has every right to stage peaceful demonstrations, and it is most unfortunate that last Friday's resolution of the Victorian ALP administrative committee did not explicitly affirm this right. The point of the resolution was a request that the Government confine the future intake of Vietnamese refugees to those processed under what Hanoi and the UN High Commission for Refugees calls the Orderly Departure Program — part of our "family reunion" program. The resolution also proposed suspending migration by "boat people" (now in countries of first asylum) unless and until

Vietnamese refugee organisations here agree to desist from political violence. These are intolerable demands. Breaches of the peace are a matter for the police, and a democratic government has no business imposing discriminatory restrictions on selected ethnic and political minorities, as Hanoi has done.

The proportion of Vietnamese refugees coming to Australia from countries of first asylum (such as Malaysia and Thailand, where large numbers have languished in camps for years) has recently declined in relation to those recruited under the family reunion category. This trend is expected to continue. But the early sluggishness and the relative smallness of the family reunion program still are attributable to Vietnam's inadequate processing and medical facilities. Experts on refugee matters also see diplomatic and political influences at work, including

resentment over Australia's suspension of aid to Vietnam.

Mr Hurford's account of his recent talks with Vietnam's Foreign Minister, Mr Thach, clearly showed that Hanoi is now threatening to reduce its participation in the family reunion program because it takes offence at the political activities of its emigres in Australia. The dilemma faced by Mr Hurford, and increasingly by politically active Vietnamese who fervently want to bring their relatives here, is that totalitarian governments like Vietnam's simply cannot understand that no Australian Government has the power to prevent anti-Hanoi demonstrations. Remarkably, the Victorian ALP administrative committee has taken upon itself the task of articulating Hanoi's odious demand — that the Australian Government control the behaviour of Vietnamese settlers in this country.

CSO: 4200/1134

AUSTRALIA

NEW SOUTH WALES SUGAR HIT BY WORLDWIDE PROBLEMS

Sydney THE SYDNEY MORNING HERALD in English 18 May 85 p 11

[Article by Belinda Chayko]

[Text]

Not long ago, 49-year-old Mrs Rose Leeson successfully applied for the dole. In the box marked "taxable income" on her application form, she wrote zero.

In the box marked "dependants" she wrote the name of her husband Errol, a 43-year-old sugar cane grower on the north coast.

The Leesons, who lease a 50-hectare sugar farm on the Richmond River, are in a similar position to hundreds of other cane growers in their region.

The growers say they have been losing money producing cane over the past three years. Each \$15 per tonne of cane the Leesons will receive for their past crop has cost them \$17 a tonne to produce.

Depressed world sugar prices and falling consumption have forced NSW growers to look past their cane fields for a viable income.

Some have gone on unemployment benefits, others have turned to alternative occupations, still others have diversified into crops such as soya beans and corn to supplement their incomes.

The Leesons, and 600 other growers on the far north coast, are nervously waiting for the results of a State Government inquiry into their industry. Those results, which are expected in August, could well determine whether the industry survives.

The inquiry was announced last week by the Minister for Agriculture, Mr Hallam, in response to a

request for financial assistance by the sugar producers.

That same week, world sugar prices reached a record low. According to the general manager of the NSW Sugar Milling Co-operative, Mr Don Williams, the price received for NSW sugar has dropped from \$376 a tonne in 1980 to an estimated \$210 a tonne in 1985.

Mr Williams blamed the transition of the EEC from a sugar importer to an exporter of sugar, plus the sluggish growth in world demand over the past five years, and the impact of sales of artificial sweeteners for the huge drop in price.

The co-operative, which operates three mills on the north coast - at Harwood, Broadwater and Condong - asked the State Government last year for a \$4 million loan to get the mills through the 1985 crushing season.

When the Government did not reply, the co-operative lowered its figure to \$3 million and rationalised its work. Sixty workers were retrenched, the mill staff was stood down for 10 weeks while the mills closed, and growers have been levied 30 cents per tonne for the cane they will begin harvesting next month.

The levy is expected to raise \$1.5 million to aid the crushing process.

The Premier, Mr Wran, recently announced the deferral of loan repayments by the co-operative to the Government of

\$1.19 million, which was backed by a similar deferral from the Federal Government of about \$400,000.

However, according to Mr Hallam, no further assistance will be given unless the inquiry proves that the industry has a viable future.

Mr Hallam said the Government wanted the sugar industry to remain in NSW, but that the forces pulling the industry down were beyond the resources of the Government.

He said that if it were not for the NSW Government, there would be no sugar industry in this State. When CSR pulled out of sugar production in NSW in 1978 because it was no longer economical, the Government gave cane growers a loan of \$6.1 million to form the co-operative and buy the three north coast mills.

Although the Bureau of Agricultural Economics has estimated an increase in world sugar prices from 1987, the immediate future of the NSW industry is forecast as bleak.

According to Mr Williams, the co-operative's mills will be unable to crush sugar cane next year if they do not receive further financial assistance.

The growers are even more pessimistic. They say their properties have devalued over the past five years from \$6,250 per hectare to about \$2,250.

The diversification into other crops has also been largely unsuccessful. Errol Leeson was unable to harvest his soya bean crop for two years running because of the high rainfall in the area.

15 July 1985

INDONESIA

INDONESIAN, PRC TRADE NEGOTIATIONS SLOW DOWN

OW231055 Tokyo KYODO in English 1035 GMT 23 Jun 85

/Text/ Indonesia's efforts to resume direct trade with China have been slowed down in recent months reflecting a lack of agreement on the related issue of political rapprochement with the Beijing Government.

Indonesia has had no diplomatic relations with China since suspending them in 1967 after an attempted coup d'etat on 30 September 1965, in which, Indonesia claims, Chinese communists took part.

But in the past 2 years, the Indonesian Government has reacted positively to China's request for normalization of relations. Last April it invited Chinese foreign minister Wu Xueqian to a meeting called in Bandung to commemorate the 30th anniversary of the original Bandung conference.

Wu met his Indonesian counterpart Mokhtar Kusumaatmaja there, marking the first meeting in 20 years between foreign ministers of the two countries.

The diplomatic change reflected Indonesia's desire to expand nonoil exports to China.

But the trade negotiations, primarily promoted privately by the Indonesian chamber of commerce and industry, have been dampened in recent months due to Indonesian governmental interference.

Mokhtar has insisted that restoration of diplomatic relations is conditional on an apology from China for the 1965 coup d'etat and a promise not to support communists in any future coup d'etat. He has stressed strict separation of trade from politics and has said the resumption of direct trade would not directly lead to diplomatic normalization.

The chamber of commerce was originally scheduled to send a delegation to China at the end of April, but it still has not materialized although the government okayed the dispatch of the delegation in the middle of May.

Among the reasons for the delay are recent cautions by military and law and order authorities, such as their urging restraint on the mass media which strongly supports trade promotion with China, and their suggestion for strict landing controls on Chinese crewmen after the resumption of trade.

Chamber President Sukamdani S. Gitosardjono is said to want to sign a trade agreement in Hong Kong or Singapore by the end of this month and to send a delegation to Beijing soon.

INDONESIA

BRITISH WRITER DISPUTES AMNESTY INTERNATIONAL REPORT ON EAST TIMOR

HK280820 Hong Kong AFP in English 0756 GMT 28 Jun 85

/Text/ British Writer John Bunton, just back from a 10-day trip to East Timor, today strongly disputed this week's AMNESTY International report of brutality in the former Portuguese colony.

Mr Bunton, editor of NUSANTARA, a monthly review of Indonesian and Southeast Asian affairs published in Britain, was speaking from London to the Australian Broadcasting Corporation (ABC).

He said he saw no evidence during his trip of the brutality in East Timor identified by the Amnesty International report.

The 92-page report said the Indonesian Army had systematically carried out torture and executions in East Timor and undertaken mass deportations of civilians since Indonesia occupied the former colony in 1975.

Asked on ABC radio how the vast difference in his account of the situation and that of Amnesty could have come about, Mr Bunton said "The difference is I have been there and they haven't."

Amnesty had relied on secondhand reports because the Indonesian Government would not allow the London-based civil rights group into the province.

The British writer said that estimates of deaths through atrocities numbering as many as 200,000 or one-third of East Timor's population were "absolute nonsense."

A closer estimate would be that given by the Indonesian Government of between 50,000 and 70,000, and most of those deaths had been due to starvation in the hills, Mr Bunton said.

He had also found Atauro Island, reputed to be the scene of torture and imprisonment, "one of the most enchanting islands I have ever seen."

The inhabitants were well fed, with their own plots of land, and they were able to fish and move about whenever they wished.

The East Timorese were "infinitely better off" under Indonesian rule than under the Portuguese, Mr Bunton said.

"There is no question about it that the amount of money and resources the Indonesians are pumping into East Timor is on a prodigious scale.

"Had this small area been left to its own devices, it would not have survived economically," he said, adding "it would have become dependent on one of the major powers."

CSO: 4200/1147

INDONESIA

BRIEFS

MURDANI VISITS MILITARY UNITS—In conjunction with the 'Id-al-Fitr festival yesterday, Armed Forces Chief Gen L. B. Murdani visited soldiers stationed in East Timor regions. East Timor Governor Mario Veigas Carascalao, together with high-ranking military personnel of the province, were at the Komoro airport to receive the Armed Forces chief and his delegation, who later proceeded by helicopter to Saenari Village in Lage District of the Baucau Regency. While distributing food parcels to the soldiers, General Murdani held a dialogue with those soldiers, who are away from their families and the local community. From the dialogue, it was gathered that the security situation in the region was stable and under control because there was no more interference by a terrorist group known as the Gerakan Pengacau Keamanan--GPK. From Saenari Village, the Armed Forces chief and his delegation proceeded to another village in Loppalos District, where a similar ceremony was held. He was accompanied by the commander of the military strategic command, the commander of the East Region Naval Fleet, the Marine Corps commander, and the commander of the 7th Division. The Armed Forces Information Center said in a press release that the current presence of the Armed Forces in East Timor is to protect the territory in the region to support national development programs in the province. /Text/ /Jakarta Domestic Service in Indonesian 1200 GMT 21 Jun 85/

TRANSMIGRANTS RESETTLED IN SUMATERA—According to the South Sumatera transmigration department, the number of transmigrants who have been resettled in Pasangsurut District in South Sumatera is 2,655 families or 12,312 persons. They have been resettled in six villages and have successfully planted citrus, papayas, pineapples and coffee. The transmigration department added that it has assigned six agriculture officers to the region to help the transmigrants in the production of agricultural production as well as livestock breeding. /Summary/ /Jakarta Domestic Service in Indonesian 0600 GMT 24 Jun 85/

BANK APPROVES INDONESIAN INVESTMENTS--The Asian Development Bank (ADB) headquarters here today announced the approval of 1.4 million dollars in investments in a bank and a steel firm in Indonesia. The Bank Pembangunan Indonesia (Development Bank of Indonesia) will receive a 1 million dollar line of equity intended to support small and medium-scale enterprises, ADB spokesmen said. Under the line of equity, the Indonesian bank will select, appraise and administer the ADB's investments and will itself put up at least 35 percent of every ADB investment. The P. T. Kratama Belindo Internasional in turn will receive 400,000 dollars, 10 percent of the company's share capital. It will be the ADB's first direct equity investment in a productive enterprise in any of its 28 developing member countries. The firm is a joint venture by Indonesian and Dutch investors for the establishment of Indonesia's first steel fabrication construction workshop and galvanizing plant, which is to be located in West Java, ADB spokesmen said. The ADB also announced the receipt of a new contribution of 280,000 pounds (357,000 dollars) from the United Kingdom to the ADB technical assistance fund, bringing the country's total contributions to the fund to about 5.1 million dollars. /Text/ /Hong Kong AFP in English 0645 GMT 26 Jun 85/

CSO: 4200/1147

LAOS

COMMENTARY BLASTS REAGAN FOR BITBURG VISIT

Vientiane PASASON in Lao 10 May 85 p 4

[Text] The president of the United States, Ronald Reagan, visited Bitburg Cemetery to lay wreaths on the tombs of evil, murdering SS Nazi and fascist soldiers during his recent official visit to the Republic of Germany. His visit not only was an insult to the honorable and precious sacrifices of millions of fighters but also an insult and unlimited challenge to lovers of peace in the United States itself, to those who are antiwar, oppose the warlord system and are for peace and the peaceful coexistence of all nations.

The UN General Assembly has promulgated that in 1985, the 40th anniversary of the victory over fascism and Japanese warlords in World War II, that all nations, including the United States, celebrate this historic day widely and majestically to remember together the goodness and high spirit of sacrifice of all antifascist coalition forces fighters. The celebration is primarily to remember and salute the Soviet Red Army and the precious heroic acts of the Soviet people in liberating the people of the world from the disaster of the Nazis and in completely destroying the controlling command circles of the fascists.

While this joyous celebration was in progress, without paying any kind of attention to public opinion in the United States, President Reagan instead went to visit Bitburg Cemetery and laid wreaths on the tombs of fascist SS criminals. This was a direct insult to the souls and the goodness of all fighters and many nations, including the American people themselves, who were hit by fascists. Bitburg Cemetery in the Republic of Germany is the place where the bones of Nazis are buried. The SS not only executed millions of Europeans but also killed many thousands of Americans at Ardennes (in the northern region of France) and American prisoners in Malmedy (Belgium). Mr Crawford, head of the American Veterans of Philadelphia, stated at a conference for representatives of all veterans' organizations and former fascist camp prisoners that, "Reagan's visit to Bitburg has disappointed the American people because it is an act that negates the people who sacrificed and who liberated and destroyed the control of the fascists." But Reagan's actions absolutely cannot fool anyone because the American people remember the words of the American president of that time, Roosevelt, who stated that, "To help Russia is to help liberate the whole world from fascist Nazism. We must be grateful to this country, which will be a good neighbor and a sincere ally in

the future." When President Reagan visited Bitburg and promoted people who want "revenge" and who want to wipe out the achievements of the Soviet Red Army and other antifascist coalition forces during World War II, he caused considerable and widespread sorrow among the American people.

But this is normal for Ronald Reagan, because the Washington government is continuously trying to carry out policies that promote and support those who follow in the footsteps of the fascists and Japanese warlords. This is expressed variously in the present foreign policy of Washington, for which the Reagan administration considers a policy of international terrorism to be its foundation. It assists thieves and paid gunmen in Pakistan to oppose the Afghan revolution, assists the military puppets of Somoza and opposes the Sandinista government, and squeezes Congress to approve \$14 million in aid for counter revolutionary groups in Nicaragua. And recently it approved \$5 million in aid for the scattered troops of Pol Pot and other Khmer reactionary groups in Thai territory for destroying the revolution of the people of Cambodia. Nevertheless, history specifies clearly that, "Agression and speculative policies will be counterattacked decisively." The lessons of waging a war against Vietnam and all the Indochinese countries and the painful defeat of the American imperialists have just recently transpired. Consequently, the insults and the actions of the Reagan administration, regardless of the forms they might take, cannot in the least shake the peace and wipe out the lessons of history.

12597

CSO: 4206/137

LAOS

THAI GOVERNMENT URGED TO HOLD TALKS ON RELATIONS

BK211541 Vientiane Domestic Service in Lao 0500 GMT 20 Jun 85

[Unattributed commentary: "Negotiation Is the Best Method for Settling Problems in Lao-Thai Relations"]

[Text] As everyone knows, on 6 June 1985 the LPDR Foreign Affairs Ministry issued a statement on Lao-Thai relations. In the statement, the LPDR Government, adhering to a neighborly policy toward the Kingdom of Thailand and being determined to maintain and develop the fraternal relations between the two countries, proposed that the Government of the Kingdom of Thailand appoint a delegation to hold talks with a delegation of the Lao Government either in Bangkok or in Vientiane in order to resolve problems of common concern with a view to improving and developing the relations between the two countries. The problems include those of guaranteeing tranquillity along the border of the two countries, implementation of the agreements reached between the two countries on turning the Lao-Thai border into a border of peace and friendship, economic, cultural, and trade relations between the two countries, and others. This would respond to the aspiration and just interests of the peoples of the two countries and would positively contribute to resolution of various problems in Southeast Asia and to turning this region into a region of peace, stability, friendship, and cooperation.

This proper and reasonable proposal of the LPDR Foreign Affairs Ministry has been earnestly supported by the entire Lao people and by the Thai people of all strata as well as by broad public opinion in the world, including the political circles in the ASEAN and Western countries. This is because they see that the Lao Government's proposal is creative and greatly hopeful.

On 14 June 1985, the Foreign Ministry of the Kingdom of Thailand issued a statement in replying to this statement of the LPDR Foreign Affairs Ministry. It is said in the statement that the Thai Government is always prepared to respond in a positive way to a serious proposal of the Lao Government for discussions between the two sides to promote the economic, social, and cultural relations between the two countries. However, at the same time, the Thai Foreign Ministry also said that the Lao side is still not sincere in resolving the problems in Lao-Thai relations.

In fact, the Thai ultrarightist reactionaries, colluding with the Beijing reactionaries, have continued to act in opposition to the LPDR. They have mobilized the exiled Lao reactionaries to return to carrying out sabotage activities in Laos while continuing to station Thai soldiers in many points in areas of the three Lao villages--namely, Ban Mai, Ban Kang, and Ban Savang in Sayaboury Province. As a result, the situation of Lao-Thai relations have continuously remained tense.

Despite the situation, the Lao side has continued its efforts by proposing for Lao-Thai negotiations in order to settle various remaining problems between the two countries. To return Lao-Thai relations to normal in accordance with the earnest aspiration of the peoples of Laos and Thailand in conformity with the Lao-Thai joint statements of 1979, it is of utmost necessity that negotiations be held unconditionally between a delegation of the LPDR Government and a delegation of the Government of the Kingdom of Thailand. The Lao people and government fully hope that the of the Kingdom of Thailand will positively respond to the correct and reasonable proposal of the LPDR Government through actual deeds that will lead to sincere negotiations. This would result in settling and improving the fraternal relations between the Lao and Thai peoples and would directly contribute to the consolidation of peace in Southeast Asia and the world.

CSO: 4206/144

LAOS

MAIL CENSORSHIP, ILLEGAL OPENING OF LETTERS DISCUSSED

Penalties for Opening Mail

Vientiane VIENTIANE MAI in Lao 25, 29 Apr 85 pp 2, 4

[25 Apr 85 pp 2, 4]

[Excerpts] There are problems with the illegal opening of mail before it reaches its recipients; outgoing or incoming mail is being read and destroyed. How should we deal with these problems? In foreign countries, this kind of violation normally can mean 6 months' imprisonment. What are the measures in our country? If in the future I have these kinds of problems, who should I report these matters to, to what organization, division or department?

That is all I wish to bother you with now. If there are any mistakes, please forgive me.

From Vandy, Ban Vieng Xai, Luang Prabang

Dear Vandy,

1. No individual (except the authorities in charge) has any right whatsoever to open or destroy incoming or outgoing mail, other than the recipient. As for the authorities in charge, when they open mail, they must notify the recipients, meaning they must specify their reasons for opening it and notify them that it is not in its original state. This is a general international regulation. We are unable to explain in detail the specific international regulations of the post office. These regulations also exist in our country right now, but they have not been officially announced in detail so they are not well known. However, I believe that in the near future the post office will announce these regulations. If there is an incident involving the opening or tearing of mail or unusual mail, you must report it to postal authorities or the police.

Suspected Sales of Secrets

[29 Apr 85 pp 2, 4]

[Excerpt] 1. Are there any limitations in sending letters to friends or

relatives abroad, especially in capitalist countries?

2. Is mail sent abroad censored by the authorities; for example, is it opened? I only have this much to ask. I hope that you can clarify the matter for me.

Thank you,

Keo

Dear Keo,

1. The post office never has been strict about sending letters abroad. You can write to anybody, anywhere, at your convenience. We only ask you not to sell national secrets, that is all.

2. There definitely is checking, such as:

- checking to see if the addressee's address is correct;
- if the postage is sufficient;
- for airmail weights;
- of packages (to see if they are well wrapped to prevent damage).

Regarding cases of opening the mail: police authorities have the right to open mail if they are suspicious about the contents, such as about selling national secrets.

However, officials normally will not open or touch mail; they only check to make sure that it is in order.

12597

CSO: 4206/137

15 July 1985

LAOS

CONSTRUCTION OF PRIVATE SECTOR-RUN MARKET DISCUSSED

Vientiane VIENTIANE MAI in Lao 21 May 85 p 2

["Conversation with the Editor" Column: "Where Did the Nong Douang Market Get Its Budget From?"]

[Text] [Question] Dear VIENTIANE MAI editor. First of all, we would like to wholeheartedly admire the construction and development of our present party and government. In Vientiane Capital now many constructions are being rapidly expanded, and never before was there anything like this. However, I am interested in the present Nong Douang market construction. I wish to ask the following two questions.

1. Where did the Nong Douang market construction get its budget, from the government or from abroad?
2. What will the Nong Douang Market Construction Project do? By that I mean the organization, sales, etc. after the construction is completed.

This is all I would like to ask. I hope you can clear this up for me.
(signed) Somphong.

[Answer] Dear Somphong. This is what we have learned about the Nong Douang Market Construction Project from Vientiane Capital, especially from Chanthaboury District, the owner of the construction project.

1. The funding is domestic funds consisting of the budget of Vientiane Capital, Chanthaboury District, and the people who voluntarily gathered their capital in this construction. The primary figure is estimated to be approximately 10 million kip for the new construction. There has not yet been any talk about repairs. However, the principal amount is not yet sufficient if we want to build it permanently according to standards. However, according to the Chanthaboury District Administrative Committee chairman, Mr Chanthaboury Sinouvong, we will average this budget so that it will be sufficient. There will be two periods for the construction: the new building which is being built, and repairs to the old one and also the repairs of the clear space around the market so it will meet the standards.

2. Once it is completed the district has a plan to allocate the merchants to sell thier goods orderly and more cleanly than before. In the new building they will sell industrial products and handicrafts and various goods. Others will sell fresh goods, e.g., vegetables, fish, dried goods, etc. The plan is for completion prior to October because it will be a good place for an exhibition of the 10-year achievement of Vientiane Capital. This is what we know. If there is any progress we will let you know more about it. Thank you.

9884

CSO: 4206/141

LAOS

HANOI GIVES COAL MACHINERY TO VIENTIANE

Vientiane VIENTIANE MAI in Lao 15 May 85 p 2

[Excerpts] Based on an economic cooperation agreement and the precious friendship and fraternal relation between the twin cities of Vientiane and Hanoi and between the Lao and Vietnamese people, the people of Vientiane Capital and Hanoi Capital in particular feel very happy and proud about their cooperative economic project, which is one among many projects that has developed successfully.

The Vientiane Municipality [government] delegated coal production machinery and responsibilities to the Industry, Handicrafts and Forestry Section for developing an agricultural tools plant. To carry out the agreement, Vientiane Municipality was responsible for construction of the plant site and also the plumbing and electrical wiring. The Hanoi Administration was responsible for sending production machinery and materials and technocrats to supervise the installation of the machinery. It was also responsible for supervising and training 10 Lao workers within 3-6 months only, so that these workers were knowledgeable in controlling and using the machines in accordance with technical procedures.

After the duties for this agricultural tools plant were delegated by the higher level, workers started to clear the site on 26 September 1984 for construction of the plant, which will be a two story building, 6 m wide, 12 m long and 6 m high; plumbing and electricity will also be included. The total cost of this construction is 1,025,000 kip. On 8 February 1985, machinery and materials arrived from Hanoi in Vientiane. On 4 March 1985, three technocrats came from Hanoi to join the Lao workers of the agricultural tool plant to start the installation of the machinery and equipment, which was completed on 22 April 1985. The plant has started experimental production and it seems to be successful.

The Hanoi Capital has provided machinery and materials as assistance to Vientiane Municipality. The machinery consists of a double kiln system with an 8 hour production capacity of 50 kilograms per kiln. The value of the machinery and equipment is 1.5 million Dong (Vietnamese currency), which is equivalent to 2.1 million kip (Lao currency).

This coal plant materialized from the growing special solidarity and total

cooperation between Vientiane and Hanoi and the creativity of Vientiane Municipality and Hanoi Municipality workers. After 6 months and 26 days of construction and installation of machinery and equipment, Vientiane Municipality organized a dedication ceremony for the coal plant, which is under the agricultural tool plant; this in turn is under the control of Vientiane Municipality.

The coal factory will have an important role on the economic battlefield in the economy of Vientiane Municipality.

12597

CSO: 4206/137

LAOS

MINING EXPLORATION COMPANY MEETING REPORTED

BK211217 Vientiane Domestic Service in Lao 1030 GMT 18 Jun 85

[Report with portions recorded on 13 June ceremony held by Lao Mining Exploration Company to review 1983-84 achievements and to launch emulation campaign to score achievements to welcome 10th anniversary of 2 December national day]

[Text] On the morning of 13 June, the Lao Mining Exploration Company held a ceremony at the club of the Tin Mining Exploration Company at Phon Tiu to review all-round achievements in implementing instructions and plans of and fulfilling the targets set by the higher levels for 1983 and 1984 and to launch an emulation campaign to score achievements to welcome the 10th anniversary of the founding of the LPDR. Attending the ceremony were Ki Thoumphala, deputy minister of industry, handicrafts, and forestry; members of the boards of directors of the Lao Mining Exploration Company, the tin mining factories at Phon Tiu, Nong Seun, and Bo Neng, and the Gypsum Mining Exploration Company; members of the party and administrative committees of Hin Boun District, Phon Tiu canton, and Ban Phon Tiu village; Soviet tin exploration specialists and geologists stationed at the 3 tin mines; and an estimated 700 workers at the 3 mines.

At the ceremony, (Bounthan), representing the board of directors of the Lao Mining Exploration Company, read a report on the activities in implementing the instructions and plans and in fulfilling the production targets for 1983 and 1984, reflecting the progress of mining exploration in Laos in the past 2 years and the commendable achievements scored by cadres, state employees, and workers attached to the tin mining factories at Phon Tiu, Nong Suen, and Bo Neng and to the gypsum mine for mining these ores for export to bring large revenues into the country for development of the national economy and for socialist transformation and construction in our country. Parts of his speech follow:

[Begin (Bounthan) recording] We have fulfilled the first plan as follows. Let me explain in brief. In the past 2 years--1983 and 1984--we managed to fulfill only 68 percent of the tin production targets; that is, 55 percent in 1983 and 86 percent in 1984. Comparing the tin production in 1984 to that in 1983, an increase of 20 percent was scored. As for the selling of tin ore exploited in 1983 and 1984, we managed to export about 66 percent of the total

production output, which was equivalent to [words indistinct]. The breakdown is as follows: In 1983, we could export only 42 percent, but in 1984, we managed to export some 97 percent. Comparing the export in 1983 to that in 1984, an increase of 76 percent was registered. Regarding the volume of tin ore in our stockpile, we had about 125 metric tons in 1983. Thanks to our efforts in improving goods circulation service, only 69 metric tons of the ore were left in the stockpile in 1984, which represented a reduction of 46 percent compared to the previous year.

Regarding gypsum production, in the past 2 years the Donghen gypsum mine managed to turn out 152,000 metric tons, thereby fulfilling the production targets by 101 percent. The production breakdown is as follows: 70,000 metric tons in 1983--100 percent of the production target--and 82,000 metric tons in 1984--102 percent of the 80,000-metric tons target. As for the gypsum stockpile, in 1983 a total of 17,000 metric tons were left on our hands. Only some 12,000 metric tons were left in the stockpile in 1984. Comparing the 1983 stockpile with that of 1984, a reduction of 29 percent was scored.

Regarding the geological, research, and mapping work, in the past 2 years the three tin mines satisfactorily carried out geological and exploration tasks. For instance, they drilled a total depth of over 8,000 meters of ground for tin deposits in 1984, an increase of 52 percent compared to the drilling work carried out in 1983. Over 5,000 samples were collected for analysis in 1984--an increase of 36 percent compared to 1983. As a result, we managed to exploit a considerable amount of tin ore for our plants in the past 2 years. Therefore, I invite all comrades to hail our achievements together with me. [Applause] [End recording]

Shortly afterward, the presentation of awards to outstanding units and individuals was presided over by Ki Thounphala, deputy minister of industry, handicrafts, and forestry, amidst tumultuous applause. The following units and persons were conferred with medals and certificates of commendation:

The gypsum exploration unit was awarded a labor medal; 3 persons were conferred with labor medals, 24 persons with the government's certificates of commendation, and 84 persons with the ministry's certificates of commendation; the Nong Seun Mine awarded with the government's collective certificate of commendation; and the Phon Tieu Mine and the armed unit defending it awarded with the ministry's certificates of commendation. In addition, four services attached to the companies were also presented with gifts from the management of the companies themselves.

To display a new sense of determination to score new greater achievements, representatives of the offices of the mining factories at Phon Tiu, Bo Neng, and Nong Seun got on the stage to acknowledge the content of the emulation campaign, read by Comrade (Davong), member of the board of directors of the Phon Tiu mining factory.

[Begin (Davong) recording] 1. To strive to train ourselves into truly progressive new socialist men, outstanding cadres, and persons faithful to the country and revolution;

2. To implement attentively all instructions and resolutions adopted by the higher levels and to translate into reality the 1985 plans of our companies and factories;
3. To heighten vigilance and smash completely all dark schemes of the Beijing big-nation expansionist-hegemonists and the imperialists in trying to undermine our revolution;
4. To strive to strengthen unity both at the higher and lower levers and among cadres at the higher and intermediate levels as well as among all combatants and workers in our factories;
5. To increase a sense of responsibility toward public property, especially that belonging to our factories;
6. To strengthen unity among the local administrations and international solidarity, especially the special relations between Laos and Vietnam and among Laos, Vietnam, and Cambodia, and our all-round cooperation with the Soviet Union, which is the strong pillar of world peace.

Will all of us fulfill this pledge? Yes. [End recording]

Ki Thoumphala, deputy minister of industry, handicrafts, and forestry, then took the rostrum to deliver a speech.

[Begin Ki Thoumphala recording] At a time when our entire party, army, and people are joyously emulating with one another to fulfill the 1985 plan and the first 5-year state plan and to score achievements to welcome the 10th anniversary of the 2 December national day, the managements of the mining companies have organized a ceremony to review the achievements scored in 1983 and 1984 for commendation. On behalf of the Ministry of Industry, Handicrafts, and Forestry, I would like to express happiness and elation to have the honor of attending this ceremony. [Applause]

Beloved comrades, after hearing the report on the situation by the managements of the mining companies, we unanimously agree that in the past 2 years, numerous brilliant achievements have been scored by our factories in carrying out the political tasks entrusted by the party and state. Over the past 2 years, the production at each factory has encountered numerous difficulties. For example, we lacked certain production facilities, thus hindering progress in our production work, and our cadres, workers, and state employees suffered shortages in their living conditions. In the face of such a situation, the enemies have relentlessly tried in many ways to implement their sabotage and subversive schemes against our people in many fields. Profoundly appreciating the party's line and policies and firmly confident in the party's leadership and the bright future of the country and of their own cadres, workers, and state employees at these factories have been resolute to overcome all difficulties and obstacles and to further enhance their right to mastership, thus enabling our factories to score numerous brilliant achievements. The achievements scored by our factories clearly reflect their determination to

implement resolutely all the instructions and to fulfill the production targets set by the state and the ministry.

These achievements and victories have today been officially endorsed by the government and the ministry, which have awarded commendation citations to certain outstanding units and individuals. Therefore, on behalf of the ministry, I would like to highly value the achievements and victories scored by the factories. We regard the achievements and victories scored by these factories as an important contribution to gradually building and developing our national socialist economy. They have also contributed to realizing the 1985 plans outlined by the state and the ministry and to translating into reality the first 5-year state plan, thus creating a basis for launching an emulation campaign to score achievements to welcome the 2 historical days in 1985--the 30th founding anniversary of the LPRP and the forthcoming 10th anniversary of the 2 December national day.

On behalf of the Ministry of Industry, Handicraft, and Forestry, I would like to take this opportunity to wholeheartedly hail the achievements and victories scored by you, comrades, in each factory. [Applause] [End recording]

CSO: 4206/144

LAOS

BRIEFS

LUANG PRABANG ELECTRICITY PRODUCTION -- During the first quarter of this year, the Lao cadres and workers of the Luang Prabang Electricity Plant enthusiastically concentrated on their work. Hydroelectricity production was 1,259,646 kilowatt hours. They repaired and installed electricity connections in 200 offices, organization halls and residences, installed batteries 10 times, repaired generators 11 times and [completed] other tasks. [Excerpt] [Vientiane KHAOSAN PATHET LAO in Lao 10 May 85 p A3]

SAYABOURY ROAD WORK -- Last week, ethnic hilltribe members, especially LPRYU members and women, were encouraged by the united front organization of Ban Gnai Canton, Paklay District, Sayaboury Province, to join in participating with solidarity in successfully building a 4 km long and 6 m wide road from their canton to Ban Mai Canton of Paklay District. Construction of a 30 km long road from Mouang Va District through Paklay District to Ban Mai Canton is now 100 percent complete. In addition to using the machinery and equipment of the Provincial Public Works Section, this construction [project] received cooperation from the labor of the hill tribe people in Mouang Va, Ban Ded and Ban Gnai Cantons. The hill tribe people participating in this road construction were in full charge of the task. [Excerpt] [Vientiane KHAOSAN PATHET LAO in Lao 13 May p A5] 12597

SARAVANE DISTRICT COOPS -- During the first quarter of 1985, people of all ethnic group in Kong Sedone District, Saravane Province established 24 more agricultural cooperatives with 1,484 families, 1,400 ha of cultivated area and 4,515 draft animals. Up to date there is a total of 52 agricultural cooperatives in the entire district. [Excerpt] [Vientiane KHAOSAN PATHET LAO in Lao 30 Apr 85 p A7] 12597

SRV-AIDED FOUNDRY -- Toward the end of 1984, engineers At, Teub, and Rong Leun along with workers and construction materials from the SRV were transported on the Hanoi-Vientiane flight over the eastern mountain chain. They headed to Vientiane and cooperated in the construction of the Laos-Vietnam Friendship Foundry in accordance with a construction cooperation agreement between major departments in the Lao and Vietnamese armies. After 60 days of work under the slogan "Compete to Score Achievements to Commemorate the 30th Anniversary of the Lao People's Revolutionary Party [LPRP]," construction of this plant was completed on 15 March 1985. The first pot of iron flowing from the plant's foundry brought happiness to the workers of the Lao and Vietnamese armies who

15 July 1985

had been delegated the work of building the first foundry in Lao history by the two parties and the two armies. [This foundry] is a result of cooperation in construction between Laos and Vietnam. This plant has one kiln with a capacity of 500 kilograms of scrap iron at a time and it uses 1,500 kilowatts of electricity. It takes 90 to 120 minutes to boil. The materials used in this plant are recycled scrap iron and others. Products of the plant in addition to bicycles are cylinders, nails, pots, bolts, knives, hoes, shovels and others. [Excerpts] [Vientiane KHONG TAB PASASON LAO in Lao 4 Apr 85 p 3] 12597

VIENTIANE DISTRICT POPULATION, SECURITY--Saithani is one of the seven districts under Vientiane Capital, and it is approximately 12 km east of Vientiane Capital. It has 1,080 square km and a total population of 72,710. In the years past for their national defense work they sent their beloved children into the ranks of national defense. They were able to train 10 companies of mobile guerrillas and attacked the enemies 5 times with 3 enemies killed, 12 captured, and 7 guns seized. [Excerpts] [Vientiane VIENTIANE MAI in Lao 17 May 85 p 2] 9884

VIENTIANE PROVINCE LPRP CONGRESS--The preparation for the first Vientiane Province LPRP Congress is now being extensively carried out with profound contents. For example, it has successfully encouraged and led the seven districts to carry out congresses at their own levels. These districts are Sanakham, Phon Hong, Keo-Oudom, Thoulakhom, Kasi, Hom, and Vang Vieng. Another two districts, Feung and Saisomboun, are preparing for congresses at their own levels which will soon succeed. [Excerpts] [Vientiane VIENTIANE MAI in Lao 18 May 85 pp 1, 2] 9884

FOREIGN CURRENCY TAILOR SHOP--On the evening of 17 May 1985 the sewing company under the Vientiane Capital Trade Section officially opened an international tailoring shop to serve foreign customers and the masses. Honored participants at the opening ceremony were Mr Khambou Sounisai, Party Central Committee member and chairman of the Vientiane Capital Administrative Committee, party committees, administrative committees, and a number of invited guests from the sections concerned. This international tailor shop with its short foreign name of Intertailor is located at 70/72 Nam Phou Ward and is open to serve foreign customers and people in general for sewing different kinds of trousers and shirts and to earn foreign currency income. It has experienced tailors and clothing designers and adequate materials. Comrade Nokeo, chief of the board of directors of the Vientiane Sewing Company, also told us that from the experimental day to the official opening day this sewing shop has served a number of foreign customers and the general public and its services for garments of the same design and materials are less costly than in the privately owned shops. [Text] [Vientiane VIENTIANE MAI in Lao 20 May 85 pp 1, 4] 9884

VIENTIANE PUBLIC SECURITY WORK--On the afternoon of 17 May 1985, in the Chanthaboury District club, Vientiane Capital, an official ceremony was held to summarize the 3-month achievements for the national defense and public security within Chanthaboury District. Honored attendees at the ceremony were Mr Chanpheng Sinouvong of the party committee and chairman of the Chanthaboury District Administrative Committee, Mr Somlit of the Vientiane Capital Military Command Committee, and representatives of the youth union and the Lao Women's Association along with administrative committee members from other sections and organizations around the district. In the ceremony Mr Khamfeun, chief of the Chanthaboury District Military Command, read the past 3-month summary report in which he reviewed and assessed various work as having basic security. Then the next period work plan was passed in order to ensure the national defense and public security districtwide and to create good feelings for the people in participating in national construction and basic security. On this same occasion Mr Chanpheng Sinouvong, the district administrative committee chairman, praised the outstanding achievements of the national defense and public security units in carrying out their work in the past period. He also asked everyone to always be alert and ready to provide 100 percent security for the masses. [Excerpt] [Vientiane VIENTIANE MAI in Lao 20 May 85 pp 1, 4] 9884

CSO: 4206/141

MALAYSIA

COMMENTARY DISCOURAGES MOVING UP GENERAL ELECTIONS

Selangor KIN KWOK DAILY NEWS in Chinese 25 Apr 85 p 2

[Commentary]

[Text] The outcome of the Sabah state assembly election shows that the Sabah United People's Party [BERJAYA], member of the National Front, was faced with a bitter lesson. Not only has it lost political power, even its entire ministerial-level force has also forfeited its capacity as state assemblymen. This may be described as an unexpected tragic situation.

In the wake of BERJAYA's loss of political power in Sabah, we are reminded of an important question: should the general elections be speeded up or not?

Observing from various sides, the government plans on moving up the general elections to this coming August or early next year. However, following BERJAYA's defeat in Sabah, we believe that the government will reconsider this problem, because the Sabah election has brought many consequences disadvantageous to a move-up of the general elections.

The first problem is whether the National Front will accept the Parti Bersatu Sabah [PBS] as a new member. If it accepts, then how will it handle the status of the BERJAYA party? If it accepts the PBS and at the same time retains BERJAYA's membership in the National Front, which party will represent the National Front to campaign in the general elections in the days to come?

If the National Front adopts an allotment system for the PBS and the BERJAYA, and if the BERJAYA is defeated again, won't it affect the National Front's parliamentary seats in Sabah?

If the National Front decides to adopt a clearcut attitude by repudiating the BERJAYA in favor of the PBS, such a work style may be criticized as cruel and merciless by the people. Consequently, the National Front must think thrice before making its decision.

The current chaotic situation in Sabah should serve as one of the reasons for the National Front to consider whether or not to move up the general elections.

The second problem is the effect of the factional war within the Malaysian Chinese Association [MCA]. Initially, under the good offices of Prime Minister Datuk Sri Mahathir, there was a good chance of the MCA infighting being resolved. But now, because of bickerings over MCA membership register, the dispute may be brought to court again.

No matter which faction eventually wins in the MCA infighting, the party itself has been badly hurt, and it will take a long time before this wound can be healed. If the date of the general elections is advanced, this will be detrimental to the MCA and will also indirectly affect National Front's seats.

In addition, although the scandal at the Bank Bumiputra has been settled, this issue remains a target for the opposition parties to attack the government. It will take a long time for the people to dilute their impression on this matter.

At the present moment, public functionaries throughout the country are demanding a readjustment of their salaries, a problem which places the government in a quandary. If it accedes to their demand, the government knows that it cannot afford to increase their salaries; yet, if it lets them down, the government may lose the functionaries' votes in the elections.

The strength of the Partai Islam [PAS] is vigorously developing in Kelantan and Kedah regions. Apart from grabbing votes in the rural areas, this party is also trying to wrest votes of the ethnic-Chinese electors in the cities. This poses a danger to the United Malays National Organization [UMNO] if the general elections are not moved up. So this may be one of the factors why the National Front government is considering to expedite the elections.

However, after putting all the above-mentioned factors in the balance, it would be disadvantageous to the National Front, if the general elections were to be moved up. Consequently, it is necessary to consider delaying the holding of the national elections.

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CSO: 4205/28

15 July 1985

MALAYSIA

LEARNING FROM SABAH PEOPLE IN NEXT GENERAL ELECTIONS URGED

Selangor KIN KWOK DAILY NEWS in Chinese 27 Apr 85 p 2

[Text] Lim Kit Siang, secretary general of the Democratic Action Party [DAP], called on the Malaysian people to learn from the Sabah people in the coming general elections, because the Sabahans were able to turn the situation around and put an end to a dark period of politics.

He said that the next general elections will be crucial and will affect our next generation and national future, therefore it will serve as a time for the people to wake up and take action.

He was delivering a speech at a political seminar held at a DAP branch in a Malacca town last night.

Lim Kit Siang said that the Sabah government had been run on suppression, dictatorship and corruption, and that is why the Sabahans let it collapse.

He added that in Malacca state, we can also see from its state assembly how the local government resorts to high pressure methods, savage and arrogant, employing people to apply pressure on assemblymen, thereby violating assembly principles. Lim warned the speaker of the Malacca state assembly not to learn from [Ex-Chief Minister] Harris Salleh of Sabah.

Mr Lim also brought up the policy of one national language and one national culture, the Islamization of Malaysia and the redistricting of constituencies by way of examples. He added that after the 1982 general elections, Malaysia plunged into a dark political period, with the people losing much more rights and interests than they did during the past 25 years since independence. So the people must make good use of the next general elections to end murky politics.

Mr Lim also said if public opinion is firm, the government must accept the decision of the people and make a general review of its policies.

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CSO: 4205/28

MALAYSIA

OUTCOME OF SABAH ELECTION VIEWED

Selangor KIN KWOK DAILY NEWS in Chinese 23 Apr 85 p 2

[Commentary: "The Sudden Rise of Parti Bersatu Sabah [PBS]"]

[Text] The result of the nationally-watched Sabah state assembly election has been made public. Quite unexpectedly, the Parti Bersatu Sabah [PBS], led by Datuk Pairin Kitingan, has won 25 seats, a plurality which gave the party the success to run the Sabah state government.

Out of the contested 48 state assembly seats, the Sabah United People's Party [BERJAYA], which is a member of the Malaysian ruling National Front coalition, captured only 6 seats, 37 seats less than at the previous election. By contrast, the United Sabah National Organization [USNO] won 16 seats, as compared with 13 seats at the previous election.

The Kitingan-led PBS was not founded until a few months ago. In terms of manpower and financial resources, it cannot match the BERJAYA, so how come it was able to outscore other parties?

Initially, Datuk Pairin Kitingan, a highly-respected person among the Dayak tribe, was BERJAYA's vice chairman. His respectability was proven during a by-election at Tambunan when he, as an independent candidate, clobbered the BERJAYA opponent with the greatest margin of votes.

The reason he quit the BERJAYA was that he could not get along with the party's chairman, Datuk Harris Salleh. As a matter of fact, Datuk Kitingan still enjoys the respect of the Kadazan tribe which has a great influence in elections.

When Kitingan unexpectedly won the by-election at Tambunan last August, his political opponent, [Sabah's Chief Minister] Datuk Harris Salleh immediately announced the abrogation of the country status for Tambunan, but the incident was resolved under pressure of the central government. This time around, however, Datuk Harris Salleh's ungentlemanly conduct aroused the ire of the Kadazan people who lost their confidence in Salleh's leadership.

In recent years, the BERJAYA has been continually plagued with internal troubles which caused many of its prestigious leaders to quit the party, mainly due to Datuk Salleh's dictatorial airs.

Although Datuk Salleh tried his best to defend his conduct by himself, the disunity within his party has already sown the seed of distrust among the people toward the party. It was this factor that caused BERJAYA's ignominious defeat at the election.

What was unexpected was that BERJAYA Chairman and concurrently Chief Minister Datuk Harris Salleh lost control in his own election bailiwick, a telltale indication that the people in Sabah no longer supported him and the party he was leading.

In fact, it is difficult to imagine how BERJAYA's ethnic-Chinese leaders, such as Datuk Kim Guan Sim, Datuk Yap Peck Leang and Wee Soon You, were defeated by the PBS. From this point, we can understand that the majority of the electors are concerned with choosing political parties rather than personalities; this also proves that the people have repudiated BERJAYA and turned to support the PBS party.

As a matter of fact, it is not surprising after all that the PBS can grasp political power in Sabah state a few months after the party's founding. A precedent was already set when the United Sabah National Organization [USNO] under the leadership of Tun Mustapha Harun, was toppled by the BERJAYA party a few years ago.

Although the PBS has already won 25 seats in the state assembly, it is still a moot question whether it will be invited to join the National Front after the coming general elections; if the PBS fails to be accepted as a National Front member, it can only function as an opposition party while carrying out administrative work in the Sabah state assembly.

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CSO: 4205/28

MALAYSIA

LIM KIT SIANG ON BERJAYA'S DEFEAT IN SABAH

Selangor KIN KWOK DAILY NEWS in Chinese 23 Apr 85 p 3

[Text] Lim Kit Siang, secretary general of the Democratic Action Party [DAP] and concurrently leader of the opposition in Parliament, today said that the result of the Sabah election once again proves that Malaysia is a parliamentary democratic country.

He said that the utter defeat of the Sabah United People's Party [BERJAYA], especially the election loss of former Sabah Chief Minister Datuk Harris Salleh, seven state ministers and six deputy state ministers, proves that the people of Sabah have totally rejected BERJAYA's policy of threats, money and corruption.

Lim Kit Siang made these remarks at a news conference held at DAP headquarters.

He expressed the view that the election in Sabah was not only an electioneering for BERJAYA, but also symbolized a campaign for the entire National Front.

"This is the first time that National Front member party leaders in Peninsular Malaysia and Sarawak enthusiastically backed the BERJAYA at the Sabah state election."

Lim continued that the supporters include Prime Minister Datuk Sri Dr Mahathir, Deputy Prime Minister Datuk Musa Hitam, Gafar Baba of the United Malays National Organization [UMNO], Agriculture Minister Anwar Ibrahim, National and Rural Development Minister Sanusi bin Junid, Sarawak Chief Minister Taib Mahmud, and leaders of the Malaysian People's Movement [GERAKAN] and the Malaysian Chinese Association [MCA], such as Tan Koon Swan, Quok Chu Chen and Dr Goh Cheng Teik.

"Their threats, plus BERJAYA's policy of threats, money and corruption, still cannot cow the people into submission. The Sabah election is not only a defeat for the BERJAYA party, but also for the National Front," Lim said.

At the same time, Lim added, as the BERJAYA has been totally defeated, it should not remain in the federal cabinet, and Minister Datuk Ongkili and the Deputy Minister of Federal Territory, both representing BERJAYA, should resign forthwith.

Lim said that although his party's candidates for Tanjung Babad, Ilomunting and Elopura constituencies failed to get elected, this does not mean that the people of Sabah did not support them, but because they wanted to dethrone Datuk Harris Salleh and his BERJAYA party.

In recent years, the DAP has been playing a major role in Sabah state by exposing BERJAYA-run state government's abuse of power and policy of threats, money and corruption, Lim Kit Siang concluded.

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MALAYSIA

PBS VICTORY IN SABAH DISCUSSED

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 23 Apr 85 p 32

[Editorial: "Sabah's Reins of Government Change Hands"]

[Text] When the result of Sabah's state assembly election was announced at 4:45 am on 22 April, the Parti Bersatu Sabah [PBS] proved itself irresistible and won 25 seats, trouncing the ruling Sabah United People's Party [BERJAYA] and causing a sensation domestically and in foreign countries.

The United Sabah National Organization [USNO] captured 16 seats. The party's chairman, Tun Mustapha, got elected for the Usukan constituency, while his sons Datuk Amor Kahar and Bidin Mohamad Ali won victories at Banggi and Sekung electoral districts respectively. This gave Tun Mustapha better chances to state a comeback.

The ruling BERJAYA got only six seats. Its main pillars, Chief Minister Datuk Harris Salleh and Deputy Chief Minister Tan Sri Sophian Goro, as well Sabah's Energy Resources Development Minister Wee Soon You, and Agriculture and Fisheries Development Minister Datuk Lim Guan Sim, all lost out in the election. The utter defeat of the BERJAYA party proves that the prediction of political observers was way off the mark.

The election of PBS Chairman Datuk Pairin Kitingan for the Tambunan constituency not only explains his high personal reputation, but also shows the firm support of the Tambunan voters toward him.

Datuk Pairin Kitingan was formerly BERJAYA's vice chairman. At the Tambunan assembly by-election held last December, he convincingly trounced Roger Ongkili, then political secretary to the Sabah chief minister. Subsequently, he organized the PBS within a short period. The brilliant victory his party won at this Sabah election reflects his accurate assessment of the political situation and the appreciation of the Sabah population on his political struggle and his courage to renounce high position and handsome salary in favor of idealism.

In form, there is a similarity between the current defeat of the BERJAYA and the fall from power of the USNO at the April 1976 general elections. Formerly, the USNO was defeated by the rising BERJAYA and now the latter is clobbered by the newly-founded PBS.

Commenting on the ingenious conditions of political power changes in Sabah during the past 10 years, some people believe that Sabah's people are relatively emotional and prone to being swayed by outward appearances, but others maintain that as the people are capable of supporting or toppling a ruling political party, this proves that they have high political awareness and strong political power.

In all fairness, during the past 9 years, Sabah's ruling party basically was capable of looking after the political, economic and education and cultural aspirations of all nationalities in Sabah. The problem is that while paying attention to the interests of the people, a ruling party may occasionally, whether deliberately or inadvertently, stress the interests of a certain nationality. Trying to please everybody, this often places the ruling party in a difficult and thankless position, even feeling bound hand and foot.

If it had not been for the serious internal troubles occurring within the BERJAYA in the past few years, this party would not have splintered its two vice chairmen, namely, Datuk Pairin Kitingan and Datuk Osman, to form a new party and turn against its parent organization at the current Sabah election. The BERJAYA party could possibly have averted the disaster.

Now that a member party of the National Front is currently embroiled in a factional war, plus the fact that the result of the Sabah election might create a chain reaction, what would be the pros and cons if the general elections were to be moved up? It appears it is now high time for National Front leaders to think hard about this question.

The Sabah state election is now concluded. As a parliamentary democratic country, the holding of a national or state election is the most effective way to express the aspirations and thinking of the people. Therefore, any political party must respect the decision of the majority of the people. The outcome of the Sabah election shows that the PBS will hold the reins of government. PBS Chairman Datuk Kitingan has already announced that his party would apply for National Front membership. We firmly believe that the leaders of the National Front will, on the basis of the principle of national unity and democracy, welcome the PBS and together strive for national affairs and bring benefits to the entire people.

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CSO: 4205/28

MALAYSIA

BAN ON LIM KIT SIANG'S VISIT TO SABAH LIFTED

Selangor KIN KWOK DAILY NEWS in Chinese 25 Apr 85 p 1

[Text] Sabah yesterday lifted its ban on Lim Kit Siang, secretary general of the Democratic Action Party [DAP], to visit the said state. This lifting was personally announced by Sabah's new chief minister, Datuk Pairin Kitingan. He said that the government of the Parti Bersatu Sabah [PBS] welcomes any Malaysian citizen to visit Sabah state, as long as he does not endanger Sabah's public order.

At the beginning of the rule of the United Sabah National Organization [USNO], Lim Kit Siang, leader of the opposition, was prohibited to enter Sabah state, reportedly for security reasons.

The ban remained in force when the Sabah United People's Party [BERJAYA] took over the reins of government and during BERJAYA's nine-year rule.

Commenting of the lifting of the ban by the new PBS government, Lim Kit Siang said that "this is a wise move. This is as it should be, because denying any person to visit East Malaysia would be tantamount to violating the spirit of our constitution."

He plans to visit Sabah next month to study the political situation and to call on Chief Minister Datuk Pairin Kitingan. Asked whether the DAP would set up more branches in Sabah, he said: "Just wait and see."

This will be his first visit to Sabah in the past 10 years.

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CSO: 4205/28

MALAYSIA

PBS' CHANCES OF JOINING NATIONAL FRONT VIEWED

Selangor KIN KWOK DAILY NEWS in Chinese 27 Apr 85 p 2

[Commentary: "Are There Difficulties for PBS to Join National Front?"]

[Text] After winning political power in Sabah, the most urgent thing for the Parti Bersatu Sabah [PBS] is to find ways for joining the ranks of the National Front. However, this is not an easy job and, judging from various sides, the PBS' effort to join the National Front is apparently meeting with certain obstacles.

When the National Front was founded, it set up a stipulation that any new political party wishing to become a National Front member shall be accepted by unanimity; in other words, if one of the members raises objection, the new applicant will be turned down.

Since the emergence of the PBS to the political arena, already some National Front members have expressed varying opinions. First of all, the Malaysian People's Movement [GERAKAN] fully supported the PBS to join the National Front and simultaneously endorsed Acting Prime Minister Musa Hitam's views on the Sabah election.

On the side of the Malaysian Chinese Association [MCA], the faction led by Datuk Neo Yee Pan objected to the PBS joining the National Front, on the ground that PBS' deputy chairman and concurrently Sabah's deputy chief minister Conrad Mojuntin delivered a speech in a 1981 parliamentary session attacking Chinese-language education. This view was fully backed by MCA's youth wing. On the other hand, Datuk Lee Kim Sai, who belongs to the Tan Koon Swan faction, wholeheartedly supported the PBS' plan of joining the National Front.

Although MCA's two factions hold differing opinions, we believe that the pressure against PBS' joining the National Front does not come from the MCA, but rather from the BERJAYA of Sabah state.

On the day the Sabah election was concluded, BERJAYA's leader Datuk Harris Salleh called on National Front leaders to keep their promise that while the election was in progress, National Front leaders let it be known that even

if an opposition party should win the said election, it would not be invited to join the National Front.

Also we believe that if Datuk Harris has the opportunity to lead the BERJAYA, it will fully oppose the PBS to join the National Front.

Although the PBS is meeting with obstacles, this does not mean that it has lost its chance of becoming a National Front member. As a matter of fact, if it enjoys the support of the United Malays National Organization [UMNO], it will be very easy for the PBS to get in.

At this moment, the National Front chairman and concurrently UMNO chairman, Datuk Sri Dr Mahathir, is on a visit to some foreign countries, and no further decision can be made before his return. However, Acting Prime Minister Datuk Musa Hitam has already made known his attitude and he will consider PBS' application to join the National Front.

Judging by the prevailing situation, it appears that UMNO leaders have tacitly agreed to permit the PBS to join the National Front. As Sabah is a state of Malaysia, the central government does not want to see the administration of a state being completely controlled by an opposition party or to run counter to the aspirations of the majority of the people in Sabah.

Furthermore, the national elections are approaching, so certain problems must be appropriately handled beforehand, otherwise they would bring disadvantages to the National Front at the Sabah elections.

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CSO: 4205/28

MALAYSIA

PROMOTION OF TRADE WITH CHINA DISCUSSED

Selangor KIN KWOK DAILY NEWS in Chinese 19 Apr 85 p 2

[Commentary]

[Text] In reply to a question at a Senate session, Deputy Trade and Industry Minister Haji Muhyiddin Yassin divulged that the government permits local entrepreneurs to invest in China in order to strengthen the bilateral trade relations between the two countries. He said that in principle the Malaysian government believes Malaysian entrepreneurs should grasp the opportunity to invest and trade in China at a time when the Chinese government is pursuing an open door policy and promoting its four modernizations. This coincides with our government policy of expanding Malaysian products to China's market and strengthening the bilateral trade relations.

However, Muhyiddin added, this does not mean that those who actively part in economic and commercial activities in China will not be subjected to surveillance. The government wants to be sure that they would not endanger our national security and unity.

We have always stressed in the past that our government should allow local business firms to go to China to invest and do business, thereby earning foreign currency in return. At the same time, we have stressed again and again that our business firms have always taken our national interest as the dominant factor in dealing with China and become responsible national business firms; they would never engage themselves in any behavior that would be detrimental to our national security and unity.

If we stand still and refuse to make progress, adopt a timid policy or an opinionated attitude in dealing with Malaysia-China trade, it is certain that we will lose this huge market. With China pursuing an open door policy, entrepreneurs of many other countries are vying with one another to grasp this market.

Based on her current policies and public statements of her national leaders, China is doing all she can to catch up with the technology and economic development of industrialized countries in the interest of her four modernizations. China apparently is no longer talking about any ism or political line, but mainly bent on developing her economy and pushing it up toward the peak.

China's most powerful leader, Deng Xiaoping, has stated that socialism by no means signifies poverty and that "you cannot say that you are building socialism if you cannot develop productivity and improve the living standards of the people." From this remark, it is clear that it would be of no avail to promote any ism without developing productivity and enhancing the people's livelihood.

Zhao Ziyang, Hu Yaobang and other high-ranking leaders who used to stay at home have now completely changed their self-contained attitude and are traveling all over the world making new friends. This simply shows that they want to attract foreign investment as much as possible for the purpose of opening up China's resources. While in Australia, Hu Yaobang assured foreign investors that his country would continue to do business with the West and even open her doors wider. China is sparing no effort in carrying out modernization and planning to quadruple her gross national product by the end of this century, so that the per capita income will increase to the \$1,000 level. Therefore, her foreign policy is not a question of isms or a government-to-government relationship, but mainly to develop her national economy. Whoever can make her strong and powerful or enhance her technological development is regarded as her associate. In brief, China wants to shake off poverty and what she highly regards is money.

If our country still clings to the so-called government-to-government relationship as the basis for trade, then there is absolutely no way for Malaysia-China trade to produce a breakthrough. Even if Prime Minister Mahathir visits China toward the end of this year, it will not be easy for him to achieve any result.

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CSO: 4205/28

MALAYSIA

EDITORIALS VIEW UMNO LEADERS' CORRUPT CAMPAIGNING

Bribery, Influence Peddling Decried

Kuala Lumpur UTUSAN MALAYSIA IN Malay 11 May 85 p 8

[Text] Today, 11 May 1985, UMNO [United Malays National Organization] is 39 years old. From the time it was formed in 1946, this party--while not the first political organization to be created in this country--achieved success after success. It defeated the British plan to institute a Malayan Union government, and although this was UMNO's major goal, its struggle did not end there.

UMNO continued its struggle, demanding independence from the British. After succeeding in this demand, it remained Malaysia's key political party.

Today, UMNO is the biggest and strongest political party in this country, with a membership of 1.2 million coming from all walks of life, from property owners and millionaires to fishermen, farmers and perhaps also the unemployed.

Clearly the UMNO is a political organization of the proletariat without concern for anyone's place in society. There no longer is any doubt that this has made UMNO strong, from its establishment to the present time.

However, the strength developed through the people's energy to date may be destroyed if corruption, such as bribery and the use of governmental positions to influence elections for several party offices now being given prominent attention, is permitted to continue unabated.

As Datuk Sri Dr Mahathir Mohamad, the party's president, revealed in a policy speech presented at last year's congress, some UMNO leaders no longer hesitate to use their wealth to fish for votes, and if they also hold government positions, they use these positions for the same purpose.

Evidently leaders who concentrate on honest service and not on breaking their backs to campaign for office not only do not win but they also get no attention.

Like Datuk Sri Dr Mahathir, we believe corruption must be ended. Let us not let the energy which produced and strengthened UMNO be dissipated, and let us

not let bribery run rampant. Only this can save UMNO from destruction because as the UMNO president clarified, if UMNO is destroyed, there is no point in gaining a leadership position.

Nevertheless, this does not mean that wealthy persons should be excluded from UMNO. They are needed and perhaps they also need UMNO to find good sources for their business deals. However, activities in which money and property clearly are being used to strengthen the positions of these individuals should be abolished.

The strength and unity which has been cultivated by UMNO to date must be safeguarded and defended. UMNO members--both the leaders and those who are led--have the responsibility of caring for and strengthening the party. Others, moreover, UMNO's enemies, cannot be expected to carry out this important task which could decide whether Malays live or die in their own homeland.

Mahathir Action Demanded

Kuala Lumpur UTUSAN MALAYSIA in Malay 13 May 85 p 8

[Text] When Datuk Sri Dr Mahathir opened the Kubang Pasu UMNO delegates meeting 2 days ago, it was not the first time he said he was ready to resign if his leadership was no longer needed by the party and state. He made such a statement at the UMNO annual congress in 1981 when he took over the UMNO leadership from Tun Hussein Onn.

The public, UMNO members in particular, had high hopes when he was appointed prime minister, and to date they have expected him to resign only after serving a 4-year term.

However, the people expected that he would sincerely carry out his promise to create a clean, capable and honest government. Based on this promise, the people offered great support to his leadership and to that of his deputy, Datuk Musa Hitam, in the 1982 general election.

In UMNO, the members gave their support and loyalty to him and to his vice president. Voting members hoped that a change would strengthen their party's position.

However, when bribery was uncovered in branch and divisional elections as well as attempts to use the party as a stalking horse for personal interests, as stated by Datuk Sri Dr Mahathir himself, UMNO members in particular and the people in general, who had looked for clean leadership, were offended and became increasingly pessimistic.

Although the elections of UMNO divisional chairmen were found to be clean, nevertheless it could not be covered up that a great deal of bribery had been involved in gaining certain seats. Those who had no money could no longer even win an election for the position of branch chairman.

This offended those UMNO members who still wanted to uphold the noble values of the party, who we believe are in the majority, because ability to lead, honesty,

service, industry, sincerity and so on no longer determined who would sit in the leadership but rather elections were won through bribery.

So, UMNO members, of course, no longer wanted their president merely to criticize corruptive practices, but they wanted him to take more severe measures in combatting them.

This question must be resolved by Datuk Sri Dr Mahathir. Leaders often remind the people to study history, and history has proved that leadership gained through bribery is short-lived. It is important now that the leaders study history so that all the people will not be judged by their mistakes in the future.

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CSO: 4213/255

NEW ZEALAND

PLANNED CONSUMPTION TAX DEFERRED FOLLOWING ELECTION DEFEAT

BK271101 Sydney THE AUSTRALIAN in English 17 Jun 85 p 1

/Article by Dai Hayward: "In Wellington"/

/Text/ The New Zealand Government stunned by the 10 percent swing in the Timaru byelection at the weekend which cost the Labour Party a seat it had held for 57 years, immediately deferred its planned consumption tax.

The poll result is seen as a decisive rejection of the government's ANZUS policy, its economic reforms and of some of its liberal plans such as the proposed homosexual law reform.

Within hours of the defeat, the government announced a 6-month delay in the introduction of the planned goods and services tax--similar to the proposed Australian consumption tax. The tax was to have come into force next April.

The prime minister, Mr Lange, who said before the election that people who used the it /as published/ as a protest against reform were "simply wasting their votes," tried to play down the defeat.

He said the people in Timaru had had "a bit of a fling" when they knew it would not affect who governed the country.

"If anyone thinks this government will lurch and leap about because it has experienced some political backlash when the future of this country is at stake, they are wrong," he said.

The National Party candidate, Mr Maurice McTigue, won a 1,480 vote majority over Labour candidate Ms Jan Walker, upsetting a 2,200 vote Labour majority at last year's general election.

Provisional voting figures are: National 9,057, Labour 7,577, New Zealand Party 2,935, Social Credit 1,584.

The defeat, which represents a swing of 10 percent away from the government, gives Labour a working majority of 14 in the 95-member House.

Parliament will now have 55 Labour members, 38 National, and two Social Credit, soon to be known as the New Zealand Democratic Party. Labour supplies the speaker.

The byelection was caused by the death last month of former Speaker Sir Basil Arthur, great-great-grandson of Governor George Arthur of Tasmania.

The government had steeled itself for a loss after public opinion polls showed National to be well in front. It expected, however, to lose by only a handful of votes.

Ms Walker was quick to blame the government's economic policies. They were the reason she lost, she said.

One of the most controversial byelection issues had been the proposed goods and services tax. Trade unions are opposed to the tax which even its architect, the minister of finance, Mr Douglas, admits will push up prices. It is significant that the delay in the tax was not announced by Mr Douglas but instead by the deputy prime minister, Mr Palmer.

Mr Palmer said the government would now refer it to a select committee for scrutiny. The delay would also give the government more time to explain the details of the tax.

Labour threw all its resources into the Timaru byelection with Mr Lange, practically all the cabinet ministers and dozens of backbench MPs pouring into the town for the last week of the campaign.

A somewhat petulant prime minister said after the result the government would not change its policy because the people of Timaru had shown they did not like the "ainful medicine" the government had to dish out.

But soon after he made the statement, his deputy announced the delay in bringing in the goods and services tax.

It is the first time the National Party has ever won a seat from Labour in a byelection. To have done so in a seat which has been strongly Labour for 57 years has given a tremendous boost to National Party morale and to the opposition leader, Mr McLay, whose position has been far from secure.

In addition to giving the thumbs down on Labour's new taxes, Timaru voters also indicated in local opinion polls they were strongly opposed to the homosexual law reform bill.

CSO: 4200/1153

PHILIPPINES

MARCOS VOWS TO CRUSH INSURGENCY WITHOUT U.S. TROOPS

HK261423 Hong Kong AFP in English 1321 GMT 26 Jun 85

/Text/ President Ferdinand Marcos today vowed to crush the growing communist insurgency in the Philippines in 1 year without any assistance from U.S. troops.

"Just give us 1 year and we'll finish the war," he told Radio Bombo, a popular network based in this central Philippine city, in a rare telephone interview from the Malacanang presidential palace in Manila.

Departing from a recent statement in which he said Manila may ask the help of U.S. troops if the communist rebels led by the New People's Army (NPA) were aided by another foreign power, he said: "Never will we ask for foreign troops to fight our internal war."

Mr Marcos said the initiative was being recovered by the military from the NPA, the estimated 12,000-strong guerrilla force of the outlawed communist party of the Philippines.

The half-hour interview, with questions from various cities was broadcast live by the station in the central islands and insurgency-rocked Davao City in the south.

"With more helicopters, artillery and armored personnel carriers it won't be long before the NPA will fall," Mr Marcos said, adding that more troops were being sent to areas where the military had suffered setbacks.

On other issues, Mr Marcos ruled out any snap presidential poll before his current 6-year term ends in 1987 and said he was "healthy as before."

Mr Marcos, 67, who for the past 2 years has periodically been rumored to be dying, said he was "back doing light weights."

The president said he favored the holding of local government and presidential polls as scheduled in 1986 and 1987, respectively, and ruled out using his decree powers to call for a snap presidential poll.

The opposition has been busy preparing for possible sudden elections which they believe Mr Marcos may call to catch them offguard.

PHILIPPINES

MARCOS COMMENT ON U.S. TROOP AID TERMED 'TREASONOUS'

Quezon City ANG PAHAYAGANG MALAYA in English 2 Jun 85 pp 1, 4

[Editorial: "A Treasonous Statement"]

[Text]

"Dismaying, to say the least."

This was our reaction when we read, in yesterday's *Malaya*, the AFP story on a 1-1/2 hour interview by Gamma Television of Paris with the President in Malacanang last Tuesday.

We were particularly taken aback by the President's statement that he may ask for U.S. combat troops to help quell the insurgents should the situation "get out of control."

This could happen, the AFP dispatch quoted the President as saying, if "infiltration and subversion is so massive" as to warrant "the entry of foreign ground troops into our country." Although Mr. Marcos did not specifically identify the foreign soldiers, he must have referred to Ameri-

can troops because we have a mutual defense pact with the U.S.

For the President to even hint that American soldiers would be requested to come to our country to fight fellow Filipinos is a shameful admission that we cannot solve our own problems by ourselves. This is a direct negation of what we have always proclaimed to the world that we can govern ourselves and we deserve full autonomy. This was the cry of our forefathers when they fought the Spaniards and, later on, the United States.

This amazing defeatist statement of Marcos amounts to treason. All freedom-loving and self-respecting Filipinos should feel degraded that their President should be harboring this kind of negative mentality and admit publicly and unashamedly that foreign troops should fight our own battles, in our own country.

Why should Mr. Marcos now feel that the situation is in danger of getting out of control?

If he feels this way, the only decent thing for him to do is to resign and let a more capable Filipino take over. We have many leaders who will do a better job of solving the insurgency problem – a problem which Mr. Marcos himself brought into our country by his inexcusable bungling of our affairs since he assumed dictatorial powers when he imposed martial law – ironically on the excuse he would do away with insurgency.

The only effective way of dealing with the rebels (many of whom are not even out-and-out Communists) is for a new leadership to take over, a new leadership which could command the trust, confidence and support of the entire nation.

For as long as Mr. Marcos remains at the helm, we can never solve our grave problems, of which insurgency is just one.

When a people's leader admits he can no longer do his job, it's time for him to quit.

PHILIPPINES

MARCOS SPEAKS ON DEFENSE, U.S. TREATY AT NAVY ANNIVERSARY

Defense Capability

HK271151 Quezon City Maharlika Broadcasting System in English 1100 GMT 27 Jun 85

/Text/ President Marcos today announced a major breakthrough in the overall defense capability of the country. This, with the development of a modern weapons system would serve as the centerpiece of the nation's massive modernization program up to 1990. The president made the disclosure in his speech marking the 87th anniversary of the Philippine Navy at its headquarters on Roxas Boulevard. The president said that for the nation to be independent and sovereign, strengthening the navy must always be a priority. This, despite the fact that the government is presently engaged and preoccupied with the insurgency problem.

/Begin Marcos recording/ /words indistinct/ There must be no letup in the development of the capability of our na . That we are at present engaged and preoccupied with an insurgency problem must never detract from our will and ability to strengthen our naval organization, to meet the requirements /words indistinct/ against either an outright attack or massive infiltration from outside. Let us not deceive ourselves into believing that we can protect the nation against the threat from without merely by relying on others, on our allies or friends, although we trust them implicitly. There is always a /words indistinct/ of decisionmaking, especially since our treaty provides that decisions of this matter shall be in accordance with our respective constitutional processes. /end recording/

U.S. 'Lag Time' In Mutual Defense Industry

HK270802 Hong Kong AFP in English 0749 GMT 27 Jun 85

/Text/ Among those promoted to commodore was Alfredo Romualdez, a younger brother of the president's wife Imelda.

In a speech, Mr Marcos urged the navy to continue its program to achieve self-reliance in order to "meet the requirements of seaward defense against either an outright attack or massive infiltration from outside."

"Let us not mislead ourselves into believing that we can protect the nation against a threat from without merely by relying on others, on our allies and friends, although we trust them implicitly," he said, obviously referring to the United States.

On the U.S.-Philippine mutual defense treaty, he stressed that there may be a "lag time" until outside help arrived in an emergency because the pact stated that such help would come according to the respective "constitutional processes" of the allies.

Experts have said that U.S. intervention in the defense of the Philippines under the treaty would have to be approved by the U.S. Congress.

"It is for that lag time, that awkward moment when no decisions are made, that we must also be prepared," Mr Marcos said.

CSO: 4200/1154

PHILIPPINES

U.S. HIT OVER ADVICE TO ASIAN DEVELOPMENT BANK

Manila PHILIPPINES DAILY EXPRESS in English 30 May 85 pp 4, 5

[Commentary by Nestor Mata in the "Foreign Scene" column: "US Losing Friends, Influence"]

[Text]

THE AMERICANS, from Ronald Reagan down to the senators and congressmen and other officials in Washington, D.C., may not have sensed it yet, but they are very quickly losing friends and influence all over the world.

The recent summit meeting of leaders of the world's seven industrialized countries was the latest example of this. No less than US President Reagan tried, and failed, to get summit endorsement of his stand on the holding of trade liberalization talks that would have partially assisted his government in reducing its huge budget deficits.

Naturally, this must have disappointed Reagan, but, alas, this was not the only instance of American failure to dictate policies to friends, and this is not even counting the current brouhaha over a US senator's resolution telling the Philippines what to do, and not do, about our own affairs.

We are referring to an attempt by Reagan administration officials to dictate on the annual meeting of the Asian Development Bank earlier this month.

The dictation, to be sure, was not only unwelcome. The policies dictated were also quite unpalatable to many member countries of the ADB, including other contributors, bank officials and members.

So unwelcome and unpalatable was the US action that the meeting itself must have been partly affected, thus leaving many major issues that should have been decided during the meeting unresolved.

The US is concededly the bank's second biggest donor country. Of its committed yearly donation of \$130-million to the Asian development fund -- the bank's aggregate fund for soft loans to member countries -- Washington has delivered only \$39-million, thus still leaving a shortfall of \$91-million. And that still does not include the \$130-million for this year.

Had Reagan administration officials attending the ADB annual meet in Bangkok, Thailand, merely said the US would be unable to fulfill its obligations to the bank, ADB members would have simply turned their attention and energy to finding other sources for the funds.

But Assistant Treasury Secretary David Mulford - leading the 16-member US delegation to the meeting - promised to deliver the \$91-million accumulated shortfall, plus the \$130-million US contribution for this year. In exchange for the money, however, the US officials imposed conditions on the bank and its operations. Future US contributions to the bank, according to them, will depend on the bank's ability to shift to free-market, private-enterprise-oriented economic policies.

Rejecting what is known as "development economics", the bank's US Director Joe Rogers demanded that the ADB move to a "democratic-capitalist framework."

What does this mean in simple terms?

It means an end to ADB loans to government enterprises in the bank's developing member countries. These state enterprises should be privatised, according to the American scenario, and government loans guarantees should be

revoked. Furthermore, the ADB should encourage freer trade, more private business, deregulation and liberal pricing and tax policies.

Attending government officials from the bank's developing member countries were quick to point out that the Reagan administration wants to transform the ADB into an Asian version of the IMF and the World Bank.

Rogers put it more bluntly when he clearly stated that US participation is aimed at pushing in the ADB the economic philosophy and policies of the US president - or what is known as Reaganomics. Emphasizing that a different approach for developing countries

just because they are poor has no place in economic policy, Rogers lectured that there is only one economics, and it applies to all countries and peoples.

This kind of dictation, of course, did not go unchallenged by other ADB member countries.

Some European donor-countries are already suggesting an increase in the bank's capital in the hope of diluting America's equity - as well as Washington's influence - over policy and lending by the bank.

Asian bankers warn that external pressures may easily have unpredictable political consequences on the social and economic stability of individual countries - something perhaps that is best illustrated by the Philippine experience.

Perhaps the Reagan administration should explain itself more clearly - or re-think its policies, at least as far as the ADB is concerned.

PHILIPPINES

OPPOSITION CHARGES MILITARY ROLE IN ELECTION FRAUD

Cebu City VISAYAN HERALD in English 31 May 85 p 3

[Article by Sonia G. Dipasupil]

[Text]

The Marcos government will employ all means, including deploying soldiers to snatch ballot boxes, to ensure victory of the ruling KBL party in the 1986 and 1987 polls, an opposition solon warned Tuesday.

MP Luis Villafuerte said the KBL will study the bailiwicks of the opposition... and people disguised as NPA men will snatch ballot boxes containing votes which when otherwise counted will go to the opposition."

The former trade minister also denied statements of President Marcos accusing the opposition of "flirting with the communists." He also belied government claims that the NPAs snatched some 62,000 ballot boxes last year in Albay, saying the operations were carried out by "paramilitary forces of the government disguised as NPAs".

"Have you ever seen NPAs in helicopters?" he asked a luncheon forum sponsored by the Rotary Club of Quezon City. Villafuerte claimed that in last year's Batasan elections, ballot boxes snatched from Bicol precincts were brought to waiting helicopters some two to three kilometers away.

He predicted that the Marcos regime would employ all sorts of manipulative tactics against the opposition. "This is the name of the game," he said "but within a tolerable margin of cheating, the opposition will win. Beyond this, we'll lose."

The coming elections will not be an ordinary electoral contest, he said, "but war disguised as an attempt to have a semblance of democracy."

Villafuerte said that massive fraud and cheating at scandalous levels by the administration in the coming polls would signal the "end of parliamentary struggle in this country."

The only alternative left would be armed revolt, he warned.

"It's getting to the point that people are joining the armed struggle not necessarily because they believe in communism, but because they believe this is the only alternative left to restore freedom and democracy," he said. But he stressed the need for the people to persist in pursuing electoral struggle. "We need to topple this authoritarian regime," he said "but we need all the help we can get."

PHILIPPINES

OPPOSITIONIST CITES 'EYE-OPENING' RECORD OF NEW ELECTIONS HEAD

Quezon City VERITAS in English 2 Jun 85 pp 8, 13

[Article by Napoleon G. Rama, vice president of the Constitutional Convention, writer, and former cellmate of the late Senator Aquino: "Clean Elections: A Forlorn Hope Should Savellano Play True to Form"]

[Text]

CONSIDERING the way the Office of Media Affairs played up the spotless, unblemished record of the Honorable Victorino A. Savellano, newly-appointed chairman of the Commission on Elections, as an exemplary public servant, the people cannot be blamed for thinking that he is Mr. Clean (Elections) himself.

But if we are to go by the record, and if Mr. Savellano plays true to form, then we must conclude that all that is a lot of soft soap, that, in truth and in fact, the Filipino electorate will once again be taken to the cleaners.

Who is this paragon of virtue whom President Marcos has touted as an outstanding student from grade school to law school, who was elected three times as mayor of Cabugao, Ilocos Sur, and whose performance as a judge of the Court of First Instance was so impressive that the President elevated him to the Commission on Elections?

Listen to what the Malacañang press release, as printed in the crony newspapers on May 11 said:

"In his remarks after administering the oath of office (to Comelec Chairman Savellano), the President expressed confidence that the Comelec will attain its objectives - that (*sic*) of conducting free and orderly elections.

"This is to announce to the whole world that the Philippines is a free and democratic state," the President said."

Very heady tribute this. Perhaps no other government official, with the possible exception of General Fabian C. Ver, has received so towering a testimonial. The question in everyone's mind today, however, is: "Does Chairman Savellano deserve that accolade? Is his performance as a Comelec commissioner during the past five years so outstanding and so distinguished that no less than the Chief Executive of the country should sing such hosannas in his honor?"

Impelled by a newsman's curiosity, and wishing to inform *Veritas* readers about the real lowdown on the matter, this writer looked into the record and came up with a lot of eye-opening information.

Let us start by quoting an item published in the column of Ric Serrano in *Tempo*, a sister publication of *Bulletin Today*:

"The public tiff between Comelec Commissioners Ramon H. Felipe and Victorino A. Savellano over the antedating or sub-numbering of a Comelec resolution on an election case deserves greater scrutiny, if only because we are facing two very crucial elections. The rebirth or death of Philippine democracy may well hinge on the honesty or cleanliness in the conduct of these elections. The Commission on Elections, notorious for its partisanship, is once again being accused of being just that by no less than a Comelec commissioner.

"Commissioner Felipe continues to denounce the antedating practice as 'conducive to fabrication of evidence' in election cases. This is a serious charge that needs to be investigated by an independent body. As things stand now, with the people wryly referring to the elevation to elective positions of some through 'Comelection' . . . and with the Supreme Court forced to intervene in election cases, it is patently clear that the Comelec needs structural and procedural overhauling."

Columnist Serrano was referring to the election case of Opposition Candidate *Emil Ong* (a former delegate to the Constitutional Convention) versus *Edilberto del Valle* in Northern Samar. Ong was proclaimed over the vigorous dissent of Felipe.

In his dissenting opinion, Felipe charged that the alleged Comelec resolution, the basis of Valle's proclamation, was never presented, nor even hinted at, during the hearings. He said the resolution had obviously been antedated and sub-numbered as Resolution 84-1474-A and was completely unrelated to Resolution 84-1474.

Said Felipe: "If, as lamely explained by the Comelec Secretary, (and as) approvingly mentioned in the majority decision, such sub-numbering of Comelec resolutions . . . has been a long-standing practice in this Commission, then it is about time that such questionable practice, which is conducive to the fabrication of evidence, is stopped."

SAVELLANO, one of the signatories of the majority decision, felt called upon to answer Felipe's charge, attacking him as partisan having been "a recommendee of the opposition, (who) has consistently dissented in the major cases decided by the Commission." *Argumentum ad hominem*, countered Felipe, will "not deodorize" the overwhelming evidence of antedating.

In the most celebrated electoral fraud case of the 1984 Batasan Pambansa polls, *Carlos Padilla vs. Leonardo Perez*, it was Commissioner Savellano who penned the resolution proclaiming, with questionable alacrity, Perez as the winner.

In what has been described as a flagrant display of his contempt for public opinion and legal procedures, Savellano pronounced his resolution as instantly final. He would, he made it clear, not entertain any motion for reconsideration.

It is to be noted that even the Supreme Court has never made any claim to comparable infallibility and continues to entertain motions for reconsideration.

Padilla, it will be recalled, had outdistanced Perez in the early counting in the majority of the towns of Nueva Vizcaya. It was at this juncture that the Comelec stopped the canvass and transferred the ballot boxes to the military camp.

Savellano simply ignored Padilla's accusation that there had been fraud. For the first time in its history, the Comelec was stormed by demonstrators loudly clamoring for justice.

Then there was the pre-proclamation case between Jose Yap and Homobono Savist in Tarlac, home province of Ninoy Aquino. Yap, who was a Ninoy friend and lieutenant, ran under the Laban banner. He complained to the Comelec that cheating was obvious because, in 16 precincts in Concepcion, Ninoy's hometown and bastion of the Laban, he had received absolutely no votes at all. Moreover, in another case of statistical improbability, Yap said that in the whole town of San Manuel, he had received only four, repeat, ~~four~~ votes!

The Comelec's Second Division, which heard the case, did not give Yap time to gather evidence and simply threw out his petition. It then ordered the continuation of the counting and proclaimed Yap's opponent the winner.

An important member of the Second Division was, of course, Victorino A. Savellano.

IN A related incident which could have been titled "Public Opinion Can Go Hang," the Comelec declared the Roy Wing of the Nacionalista Party as the dominant opposition party. This entitled it to having a member sit in the Citizen's Election Committee which, in turn, guaranteed that it would get an official copy of the election results.

What was wrong with this? Nothing, except that the Roy Wing did not even have any candidates in Tarlac. When Yap cried foul and declared the decision unfair, the Comelec stood pat, its silence a rebuke to a candidate so misguided that he could think the Comelec was capable of rendering unfair decisions.

Yap appealed the decision nevertheless. He filed his post-proclamation protest in November last year. But the Comelec has not acted on the matter.

Last week, MP Jaime Ferrer, who should know whereof he speaks because he once served as Comelec Chairman, lowered the boom on Savellano. The Opposition, he said, had expected the President to appoint a Chairman who would be "a man of stature, of proven integrity and unquestioned

dedication to clean elections." He deplored the way the President had "rushed the appointment of Savellano 'from the Ilocos region,' without so much as getting the views of concerned citizens."

"How can one who could declare the Roy Wing of the Nacionalista Party as the dominant opposition party in many areas during the last Batasan elections be called non-partisan?" Ferrer asked pointedly.

"If this is the kind of appointment the President will make to fill the vacancies (there are five seats waiting to be filled), I suggest that the Opposition think twice before participating in the coming elections," he declared.

Ferrer, it is to be admitted, had enough cause to feel upset. But if he had bothered to delve deeper into Savellano's voting record, he might have used even stronger language in questioning Savellano's appointment to the Comelec chairmanship.

The election in Antique was the bloodiest in last year's poll. Opposition Candidate Evelio B. Javier's men were mowed down in cold blood in an ambush of unprecedented brutality by men who were identified as belonging to the rival party. Javier charged terrorism and murder and asked the Comelec to suspend the canvass and to stop the proclamation of his opponent, Arturo Pacificador.

The Comelec declared Javier's petition without merit and allowed the canvass to be completed. It likewise ordered the immediate proclamation of Pacificador.

Who penned the decision? Commissioner, now Comelec Chairman, Victorino A. Savellano, who else?

We need not go into the aftermath of this case. Let it suffice to say that Javier went to the Supreme Court, and that tribunal resolved the matter in his favor. For some reason, this decision, which was penned by Associate Justice Claudio Teehankee, has never been promulgated. But we all know what happened to Teehankee, and we all know who went after him hammer and tongs by reviving the citizenship issue.

In Albay province, the elections were not quite so bloody as those in Antique. But there were instances of irregularities which prompted former Senator Dominador Aytona, an opposition candidate, to petition the Comelec to nullify the election and to hold a special election. His basis: Ballot boxes and other election paraphernalia in 255 voting centers with 61,779

registered voters had been forcibly taken by unidentified armed men. There was, Aytona said, a failure of election. He claimed he could have overtaken his opponents' lead, which varied anywhere from 2,000 to 19,000, had the votes of the 61,779 in his bailiwick been counted.

The Comelec's Second Division threw out Aytona's complaint. It ordered the proclamation of the winners based on the partial election returns. To quiet down the inevitable hue and cry, it also ordered a special election — but it did not fix the date. Up to now, there has been no such election.

WHO was a member of that division? Savellano.

But, not content with this, Savellano wrote a separate concurring opinion where he advanced a novel theory: the law allows only "canvassed election returns" to be used as a basis for pre-proclamation protests. But since, in the Albay case, there was no election, then there were no election returns to be canvassed.

Apparently, he was not aware that such a ruling could institutionalize cheating. What better way is there to neutralize an opponent than by snatching the ballot boxes in areas where he is strong?

The record shows that over 90 per cent of all pre-proclaimed cases filed with Savellano's Second Division have been dismissed. It goes without saying that almost all — if not all — of those petitions were filed by Opposition candidates.

But, if Savellano's pro-KBL or pro-Marcos leanings are being brought into question, he is partly to blame. It is well-known that, in his remarks after his oath-taking as chairman, he pledged his loyalty to the President, to the Constitution and to the country. "Not necessarily in that order, it is to be hoped," *Veritas* quipped.

Behind the levity is the popular apprehension that Savellano, quite possibly, has not heard of the doctrine that the job of the appointee power is merely to fill up a vacant public office. Once appointed, the appointee owes his allegiance, not to the appointing power, but to the requirements of his job as described in his oath of office — and to the country.

If we go by the record, therefore, our hopes for clean elections, are, at best, forlorn. The Comelec, it would seem, is not only bent on killing democracy, it is committed unreservedly to the proposition that democracy must be permanently embalmed for the greater honor and glory of Mr. Marcos.

PHILIPPINES

OPPOSITION LEADER KALAW CALLS FOR DISMANTLING UNIDO

Quezon City ANG PAHAYAGANG MALAYA in English 1 Jun 85 pp 1, 2

[Article by Marlen Ronquillo]

[Text]

Member of Parliament Eva Estrada Kalaw yesterday called for the dismantling of the United Nationalist Democratic Organization (UNIDO), saying the alliance "has become irrelevant."

Kalaw, also national chairman of the United Liberal Party (LP), said Unido officials and leaders should register back with the Nationalista Party and join the unification efforts under the National Unification Committee (NUC).

Kalaw asked the Unido to carry out the two moves following a press statement from the opposition umbrella saying it is seeking recognition as the dominant opposition party (DOP).

The outspoken MP from Manila who recently resigned from Unido said several reasons merit the phase-out of Unido, the DOP in the last

May 14 assembly elections. These are:

- Majority of the opposition leaders want the NUC to be the dominant opposition party;

- Old parties which were under Unido's umbrella in the parliamentary polls had moved out of the Unido to join the NUC;

- New political parties have joined the NUC to participate in the unification efforts. Regional parties and groups which were active in the May 1984 polls are no longer around, and;

- The Unido is nothing but the Nationalista Party. They appear to be two parties but in essence they are one.

Kalaw said leaders of the LP, the PDP-LABAN and the unaffiliated Unido have asked the Bataasang Pambansa to amend an earlier petition asking for the recognition of the Unido as the DOP. The amendment wants to replace Unido with the NUC, she said.

"Unido no longer deserves the accreditation in 1984 because the political conditions have changed. The NUC is a bigger, umbrella group supported by most opposition leaders and followers," Kalaw said.

Kalaw said the LP, the PDP-LABAN and other regional opposition groups have committed "their efforts and resources" to work out the total unification of the political opposition under the NUC.

Old parties like the Bicol Saro have ceased to exist under the Unido and new parties like the Social Democratic Party have joined the NUC, according to Kalaw.

"The UNIDO and the NP appear to be two political parties, but in essence they are one. They may have two sets of officers but their membership and office are the same," she said.

The same sentiment, though expressed in a more diplomatic note, was expressed by MP Cecilia Munoz Palma, the chairman of the NUC.

Palma said in a statement all unification efforts should be under

the NUC and the new alliance should get the accreditation as the DOP. Unido should work under the NUC because so many developments have changed since Unido was accredited in May 1984, Palma said.

In a press statement the other day, Unido said it should get the accreditation as DOP because the election victories in the May 1984 assembly elections were won under its umbrella.

The Unido said the party is merely preparing for "any emergency." "The political opposition doesn't want to be caught flat-footed in case an emergency election is called and there is no DOP," Lito Banayo, the alliance's secretary-general said.

According to Banayo, the NUC is not even an umbrella organization of opposition parties. "It is a mere committee overseeing unification work," Banayo said.

The factional wars are expected to delay the selection of a common presidential candidate in case of a snap poll.

The disunity will also delay the formulation of a political program and a common declaration of principles of the political opposition.

"The Marcos administration is overjoyed by all these disunity in the political opposition. It has always thrived on the disunity and factional strife in the opposition, she said.

CSO: 4200/1140

PHILIPPINES

MARINE CITES NEED FOR GOVERNMENT REFORM, STRONG OPPOSITION

Quezon City VERITAS in English 2 Jun 85 p 12

[Article by Carolyn O. Arguillas]

[Text]

A MILITARY officer in Davao contends that the people are becoming more and more vulnerable to Communist enticements because of dissatisfaction in the government whose most visible defect is an apparent inability to curb military abuses and because the opposition has not gained enough strength since it was decimated when Martial Law was proclaimed.

"The legitimate opposition must therefore gain enough strength and enough self-confidence so it can present itself to the people as an alternative to the present leadership and the Communist threat," Col. Rodolfo G. Biazon, Commander of the 3rd Marine Brigade told *Veritas*.

Over the years, Biazon added, while the government was suffering from credibility, the opportunity was opened to the communists to gain the support of the people. "Now we see an unwitting alliance of the Opposition and the Reds whose one common goal is to change President Marcos. The commonality of the goal, however, ends with the issue of changing Marcos, because while the legitimate opposition hopes to take over the leadership from Marcos without changing the present system of democracy, the Reds, on the other hand, will convert

this country into a communist state. I hope the opposition realizes this so it can reject the tools being adapted by the Reds."

A diagram of the Davao City insurgency problem presented by Biazon to and later adapted by Lt. Gen. Fidel V. Ramos as a diagram of the Philippine insurgency problem shows the struggle among the Blues (government), the Reds (CPP-NPA) and the Yellows (Opposition) "to win the hearts and minds" of the Whites (the people).

Biazon explained that the efforts of the Blues to gain the support of the Whites through basic social services, intelligence, legal and police action, military and integrated civil government efforts are hampered by limitation of resources, graft and corruption, poor planning, mismanagement and soldier abuses, the latter being the most visible defect.

THE Reds, Biazon stressed, seeing the discontent of the people in the government and the opposition, present themselves as the alternative. Biazon analyzes the situation thus: "Before they were introduced into the mainstream of Philippine society, the people only had to choose between the government and the opposition. When a person loses

faith in a government, either through personal experience with military abuses or upon finding out that basic services like electricity, medicines, water, housing, etc. cannot be delivered to him because the budget for such was used for other things, he looks for somebody he can run to, and he could run to the opposition as was the usual case. But if he sees the opposition cannot help him, he turns to somebody who could, and in his desperation, he could easily embrace a new ideology which would give him new hopes."

As a soldier, Biazon said the opposition is "not my enemy. If you remove the opposition, the government will fail. The destruction of one will lead to the destruction of the other. The Blues and the Yellows need each other to survive. Sometimes, the government falls in the pitfall of using the shotgun style to further weaken the legitimate opposition. The danger here is that the Yellow will turn Red."

While the opposition raises the issues against government in mass actions and the so-called Parliament of the Streets, Biazon observes that in these mass actions, infiltrators, saboteurs and agitators come in to foment unrest and when violence occurs, the government sets the blame. It is therefore necessary, Biazon added, that the opposition reject these violent means.

CITING the insurgency problem in Davao City as an example, Biazon told *Veritas* that the situation, militarily, is

not as bad as it is pictured in Manila, but psychologically, it is deeper than what people think it is. According to Biazon, there are a lot of young people in combat these days, mostly between the ages of 12 and 20. He also spoke of his informal talks with schoolchildren who, he said, were mouthing words like "US-Marcos dictatorship" and "CPP-NPA" like they were ABCs. "The age range indicates something. They are focusing on the kids now. How do we reverse the situation?"

By "winning the hearts and minds of the people," military authorities would say. In the face of the present situation, however, Biazon admits it is easier said than done. The best civil relations with the people is not through doling medicines but by the doings of the soldier. All he has to do, Biazon said, is "not to do good but not to do bad either. He just has to be friendly and ready to protect the people and if he gets chicken from the farmers, he should pay for it."

What could be done to improve civil-military relations, Biazon suggests, is to separate police functions from the military. It must divorce itself from police action because it is then that evils set in. "You involve the military in anti-smuggling, anti-gambling functions and here, the stakes are high. It cannot be discounted that these evils set in due to economic reasons. Like the public school teacher, or the government employee, soldiers also complain about their salaries especially because their line of work involves risk. But economic reasons and

the risk are not the only reasons why a soldier is driven to yield to these evils. The worst thing that could happen and which does happen is when a soldier enters a community and sees the eyes of the community expressing resentment. Resentment will beget resentment. Not all military men are bad as they are pictured but those who are have managed to draw an overall ugly picture of the military, but I cannot also blame the people for judging us by our uniform because our role is to defend - not oppress."

The Marines in Davao City, the smallest military unit currently stationed in the area, are fast gaining recognition as a protector of the people. In troubled areas like Agdao, Mandug, Talomo, etc., they are sought after by the people to protect them and they express fear when they hear about the Marines pulling out of their areas. Passengers in public utility vehicles, likewise don't seem to mind the checkpoints "basta Marines."

Although the efforts of the Marines seem to be gaining ground, they are just a small percentage of the total military force in a city where military "zoning" operations continue, and where the military is not particularly popular with the people.

It will be a long, uphill struggle for the Marines, as it will be a long uphill struggle for the Blues of which the Marines are just a part, to gain the support of what a Davao student leader describes as "orange" people (Yellows turning Reds).

PHILIPPINES

WEEKLY EXAMINES FACTIONS, CHALLENGES OF MILITARY REFORMISTS

Makati MR. & MS. in English 31 May 85-6 Jun 85 pp 5-9

[Article by Fe B. Zamora]

[Text]

THERE they were, huddled in a table. "Loyalty to the administration is not necessarily loyalty to the country," said one. "We are talking of hierarchy of loyalty . . . Ask yourself, is it just? is it legal? is it moral?" Another opinion. "Loyalty to principles, not to one person." The discussion went on, but the target never wavered: what is loyalty?

In another room, several groups, seated in semi-circles, talked over other matters: discipline, motivation, basic values. "What is the problem? Be specific . . . What's your analysis?" Sheets of discussion papers were passed around, and so with a glass canister which soon filled up with billfolds which the waiter collected "for the drinks and the sandwiches", he said.

If the discussants were college boys, the matter would merely be of academic consequence. But college boys, they were not. Although all in civilian attire, the palpable military bearing was there: ramrod straight postures, crew-cut hairstyles, direct-to-the-point language. And the meeting was no classroom stuff either, but part of an ongoing workshop initiated, conducted and attended

by military officers out to reform the Armed Forces of the Philippines.

Mostly alumni of the Philippine Military Academy, the officers, some 60-70 of them, from classes '56 to '84, with ranks from second lieutenants to full-fledged colonels, and from various units - Philippine Constabulary, Philippine Army, Philippine Navy, Philippine Air Force Presidential Security Command - are all members of the controversial Reform Movement in the AFP. Their goal: "An effective, efficient and fair-minded AFP". Their methods legal means, peaceful/overt activities with emphasis on principles, not personalities and with due respect to the AFP chain of command.

The Reformist Movement which they said is "bigger than anybody except God" was born from the rumblings of young officers "pained" by the crumbling of military values. With a pained look in his eyes, a second lieutenant confided: "It hurts when you see nothing but bad reports written about the AFP. Okay, there are bad guys, but what about us who want to be good?" He stressed:

"It's very disappointing."

The disappointment stems, a Constabulary officer said, not only from the "bad public image", but by the mere knowledge that "the rottenness inside is true. Even the basic values — not to lie, not to steal, not to cheat — have been grossly violated. You leave the Academy with high ideals, only to find out that in practice, your superiors are doing something else". A major from the Philippine Army lamented: "We want to stick to our ideals but the system has become contaminated."

"We do not like what's going on," they said. "The AFP of today will be the AFP we will inherit tomorrow. We want it to belong to the people, to our brother Filipinos."

"WE COULD not, even if we pool our monthly resources, afford a full-page manifesto, the Generals' Manifesto style," said a 1st lieutenant. Pooling their ideas instead, "a small group of young PMA graduates" mimeographed a two-page "Preliminary Statement of Aspirations" and distributed it during the Feb. 17 PMA Alumni convention in Camp Aguinaldo. "We have decided to act," the PMAers announced. "We shall take the first steps towards an AFP in reform and hereby enjoin other cavaliers to join us."

The Statement sparked extreme reactions. Newspaper columnists either "hailed" or "crucified" the group. One general reportedly muttered, "This is mutinous!" Another general, a PMA alumnus too, cited the act as "the height of indiscipline" and dared the "writers" of the Statement to come out in the open. Other senior officers promptly disclaimed the Statement, saying it was the work

of elements out to create "cleavages and disunity" within the AFP.

On March 15, a "Statement of Common Aspirations" surfaced, initially, it was reported, in Camp Olivas, Pampanga. Amplifying the "Preliminary Statement . . .", the group, still unidentified, declared nine aspirations, which, they wrote, "is congruent with the democratic ideals enshrined in our constitution and as laid down by our forefathers". The thrust, among others: cleansing the AFP of undesirables, maintaining a high standard of discipline, effective enforcement of the merit system, promoting the morale and welfare of every man and woman in uniform, restoring camaraderie and *esprit de corps* in the AFP, rationalizing the management of the AFP's limited resources, aligning the concept and practice of leadership with the basic constitutional concepts and tasks of the AFP, and maintaining a strong and solid AFP by uncompromisingly dealing with all divisive forces within and outside the AFP. . . .

Finally, on March 21, the day before the PMA graduation, the officers who had gathered for the annual class reunion donned t-shirts marked "WE Belong. . ." and held a "rally" demanding reforms in the AFP. The "rallyists" were all graduates from class '71 to '84, the so-called Martial Law Boys. "We Belong. . ." was the abbreviation of the group's full name — "We Belong to the Reform Movement in the AFP".

"We don't need activists and agitators to tell us something's wrong with the AFP," said a major who joined the march. "It was like being jolted from a deep slumber. Suddenly, I found myself drifting away from military values and ideals," confided a lieutenant

colonel who attended the reunion, but did not join in the march.

"The rally was a spontaneous outburst of pent-up emotions," said a lieutenant from Class '83. "We know that by doing so, we will become vulnerable to all sorts of propaganda. We will be misunderstood. But then, we asked ourselves: if not now, when?"

THE FIRST-EVER rally for reforms conducted by the officers corps only confirmed public conjectures of a creeping demoralization in the AFP. Once a "backgrounder" in the country's political spectrum, and a small anonymous group yet, the AFP was thrust to the frontlines when martial law was declared in Sept. 1972.

AFP officers were appointed mayors, governors and positions in big corporations. Rear Admiral Romulo Espaldon (now Ambassador) was appointed Governor for Basilan and Tawi-tawi. Brig. Gen. Jaime Echevarria (now commanding general of Regional Unified Command XI) was appointed Mayor of Tapul, Sulu. "We were told to do things which we were not supposed to do," one colonel said. As the AFP's scope broadened, so did its manpower: from 58,000 in 1971 to 300,000 at present.

What rankles the mind of the public and many officers is President Marcos' "habit" of extending retireable generals' tour of duty. "In our time," recalled Gen. Manuel Flores (ret.), "extension was referred only to avenues and boulevards". Brig. Gen. Eduardo Garcia (ret.) said: "We observed prompt retirement." A young, active officer admitted to feelings of disappointment "everytime President Marcos announces an extension", not because

he is an aspirant to the position but because "we young officers feel we are not being prepared for the job". The "extensions" began with Lt. Gen. Romeo Espino who was appointed chief of staff in 1971, and stayed in the post until 1981. Gen. Espino was succeeded by Gen. Fabian Ver, also on extension basis.

As of last October, the AFP had 83 generals (the authorized strength is 121) with 38 extendees. A series of retirements in the last six months pared the figures down to 74, with 29 extendees. The AFP's four major units are held by "overstaying generals": Maj. Gen. Josephus Q. Ramas, PA; Maj. Gen. Simeon Alejandro, PN; Maj. Gen. Vicente Piccio, PAF and Lt. Gen. Fidel Ramos, PC and concurrent acting chief of staff.

Some sectors from the Reformists do feel that some generals "deserve to be extended". But the privilege has become "*de cajon*" that even those undeserving are extended". The practice has clogged the promotional scheme, and has, according to military observers, caused defeatism and demoralization in the field.

Favoritism, elitism, cronyism have also taken its toll. A brigade commander in Kalinga-Apayao once told Mr. & Ms.: "You have to play politics to be promoted." A colonel in Davao del Norte mused: "It's the airconditioned room officers who make it as generals. I'm too far away from that."

Promotions, in fact, have been observed to be based on "whom you know". Brig. Gen. Edon Yap, brother-in-law of Imelda Marcos, was promoted in 1979. His classmates from PMA class '57 got their stars in 1981.

Chief of Staff (on leave), Gen.

Fabian C. Ver himself was a captain for 11 years, President Marcos, his cousin, won in 1965, and Gen. Ver rose from obscurity to military prominence. Gen. Ver's three sons — Irwin, Wyrlo and Rexor — have also received "special attention", promotion and assignment wise, the Reformists claimed. In protest of Col. Irwin Ver's promotion, PMA class '69 walked out from its annual PMA day celebration. The three Vers are all assigned in Malacanang. Col. Irwin Ver, they further alleged, has never been assigned to the field. He has been in the palace for 10 years.

Officers who stay "close enough to Gen. Ver" naturally get the blessings. A close friend, Maj. Gen. Prospero Olivas, said in an interview that he made it from Lt. Col. to full-fledged colonel to Brig. Gen. in four years. He was named Maj. Gen. on Aug. 10, 1981. His "star" was personally handed to him by Irwin Ver who told him, "Daddy said this is for you." Maj. Gen. Olivas is now facing trial as one of alleged conspirators in the Aquino assassination.

Corruption and wheeling-dealing have also characterized today's AFP. In contrast to pre-martial law generals who retired to live in apartments, today's generals, and even colonels and majors, have acquired properties in exclusive millionaires' havens. Colleagues, however, have an explanation: "These rich officers are either born rich, or married to rich women, or, they hold positions in big corporations."

Compounding the AFP's "internal dilemma" is that, in the 'real world of the military', there is an enemy to contend with. Brandishing a threat to the AFP's existence is the New People's

Army of the Communist Party of the Philippines. Inferior though the NPAs may be, firepower wise, the rebels have become bigger and bolder: From a mere 300 armed men in 1972, today's NPA is estimated somewhere between 12,000 to 20,000. With influences felt in 62 out of the country's 73 provinces, the NPAs had, in several occasions, mustered 400 rebels in one operation.

Corollary to AFP's battlefield adversary are its reported human rights violations. Documented by fact-finding missions, the reported violations picture the AFP as "unworthy of their role as protectors to the people". The perceived unworthiness is heightened with other unsavory reports: a PSC shooting a METROCOM, PC versus INP, and daring daylight robberies perpetrated by "men in uniform".

A major blackeye to the military establishment is the Aquino assassination. One colonel who saw the video tapes of the Aug. 21 tarmac scene, remarked: "I can't believe that there are soldiers now who can be so unprofessional. I felt so bad. I can't believe that a close-in security whose main duty is to protect the Senator would run away. It was very unprofessional."

Senator Aquino's death pushed the military into public scrutiny. A Fact-Finding Board indicted 25 military officers and men, led by Gen. Ver, Maj. Gen. Olivas, Brig. Gen. Luther Custodio and Col. Vicente Tigas. President Marcos, however, has already announced he will reinstate Gen. Ver if exonerated by the court. Young officers are not exactly happy about this. "If President Marcos were brilliant enough, he should not reinstate Gen. Ver. This will

only cause more issues," one said.

THE REFORMIST movement, say its members, is proof that the AFP can heal itself. "We still have a long way to go. We cannot afford to let our ideals slip from our fingers," remarked a PC lieutenant. "The problem is frightening," said a colonel. The movement, with reforms as a uniting factor, is a "healthy development which should be given consideration. A development like this should usher in solutions," said a Lt. Colonel.

The Reformists still claim an undisclosed membership. "We cannot quantify. We'd rather have ten men who are sincerely committed than to have 100 who are just pretending to be sincere," explained a PN lieutenant. An estimate pegged the membership at 70% of the more than 3,000 PMA alumni in active service.

High on their agenda now is to restore the credibility and acceptability of the man in uniform. "We have been placed on the defensive, instead of walking proudly with our heads held high, confident of our role as the vanguard of national security. . . . We shall gradually effect change, first within ourselves as individuals. Then, we shall seek to infect our peers, our subordinates and our superiors." The workshop, open to all officers — regulars and reservists — they said, will go on "as long as there is a need for introspection".

They prefer a "low-key" profile, they said, "because the problem is internal". Recently, however, the group decided to come out in the open "because there is a necessity to be exposed, to remove wild doubts and suspicions that we are

preparing for a coup d'etat".

("You've heard us, do you think we are hatching a coup d'etat here?" the Reformists asked this reporter who walked-in, uninvited and without their knowledge, to their workshop.) "There is nothing clandestine about us," the members insisted. When interviewed in March this year, however, some members cautiously ward-off questions about their "leader. We have agreed on certain principles, that's the most important thing." Also, some added: "We are still a small group. Exposing our identity might preempt and neutralize our plans."

(See related story, p. 7).

about". Ramos and Enrile reportedly stamped their approval

The Reformists concede they can be manipulated, used or even be made to appear as a "divisive factor". Although they have announced "we are for unity in the AFP", already they've been linked to the Lt. Gen. Fidel Ramos-Minister Enrile faction in the much-touted power struggle at the top. (The other is Imelda-Marcos-Gen. Ver.) They have, in fact, already met with Gen. Ramos and Minister Enrile, for nine hours with the former, and four hours with the latter, on two separate occasions last month. Still, they insist, "the meeting was held because President Marcos ordered them to look into what this group is all on the Reformist Movement. Retired military officers, who claimed to be a bit "disappointed with today's military conduct" have also given their nods to the Reformists.

All these intrigues can't be helped. "But we are not that stupid to allow ourselves to be used," said

a member. One member promised: "We will denounce Gen. Ramos and Minister Enrile if they do something wrong."

They admit also that "there are factions which are out to reduce the Reformist Movement into a farcical exercise". Already, other alleged military organizations acronymed RAMOS (Reforms Against Military Officers for Service) and VER (Very Enthusiastic Reformists) have surfaced. The "original" Reformists remain undaunted. "The strength of the movement is in its determination for righteousness. We may be loosely organized but we are all committed."

"It's a choice between temporary divisiveness and internal rot," explained a colonel. The former, he said, can be glued but the latter is destructive. "Something has to happen first, if only to awaken everybody what a mess we are in." As a consequence to this reforms they are working on now will be "a stronger, more-motivated counter-insurgency

force".

They vowed to "remain independent". But rumors about a Central Intelligence Administration (CIA) connections has circulated.

A "timely" event was CIA chief William Casey's visit last May 8. The U.S. government has been insisting for "military reforms", and could it be that the Reformists is that one planned? "We want to emphasize we are not being manipulated." One member confided a well-known-businessman with "known" CIA-connections has offered to publish a manifesto supporting the Reform Movement. The Reformists turned him down.

The Reformists, too, have been informed that Imelda Marcos, during a Cabinet reportedly told the Cabinet members: "We initiated a military reform program ten years ago, where were these officers?"

To that, the Reformist replied: "We plead guilty for being absent then. But we are here now."

MM

CSO: 4200/1132

PHILIPPINES

MILITARY REFORM SPOKESMAN LINKED TO ABUSE CASES

Makati MR. & MS. In English 31 May 85-6 Jun 85 p 7

[Text]

Surprise, thus it was then, when, on May 6, at the Kapihan ng Maynila breakfast conference among media and government officials, Col. Hernani Figueroa's name would surface as the groups' "chairman". The Reformists insist now, "We were misunderstood. We have no chairman." They elect a presiding officer for every meeting, they said, and in one meeting, Col. Figueroa, of class '66, then was the most senior officer present. A PC intelligence officer, he was once the EASCOM (now RUC 8) chief of intelligence. It was during Col. Figueroa's tenure in Samar that the unsolved murder of Dr. Bobby de la Paz happened. Another still unexplained case is Fr. Pedro Kangleon's "vehicular accident death". The "dreaded" colonel, whom the late Fr. Kangleon mentioned in his letter found after his death, is a "man who will do anything for his promotion", is now a Special Assistant (without specific functions) to Minister

of National Defense Juan Ponce Enrile.

Col. Figueroa's coming out as the Reformists' chairman sparked wilder speculations that there is not one, but two (or maybe more) Reform groups. His presence, said one military observer, "has cast aspersion on the credibility of the group". Reformists, however, said: "That is one of our disadvantages. The group (as perceived) has a tendency to create a division between the pure and impure officers. That is not our intention."

They aver, in their statement: "We realize that we might have been guilty of acts in the past which may have reduced the AFP's efficiency, effectiveness and capacity to be fair . . . We, however, do not seek to condemn past acts. . ." Like a born-again Christian, Col. Figueroa told this writer: "I joined the Reformists because I want to reform myself."

MM

CSO: 4200/1132

ILOCOS NORTE CHURCH CUTS LIAISON WITH MILITARY

Quezon City VERITAS in English 2 Jan 87 p 11

[Article by Baboo Mondonado]

[Text]

THE Catholic Church in Ilocos Norte recently withdrew from the Church Military Liaison Committee (CMLC) in this province.

Earlier, Provincial Commander Col. Rogelio Aguana wrote Bishop Edmundo Abaya, inviting him to attend the CMLC meeting held in Laoag City last May 17. Bishop Abaya told *Veritas* that they could not participate in a body whose credibility is in question. He charged that the CMLC violated a previous agreement which stipulates that before any religious are arrested, their superiors will first be notified and furnished with a copy of the charges. He cited the case of Fr. Ted Remigio, who was arrested after saying Palm Sunday Mass in his parish.

Bishop Abaya said that in the case of Fr. Ted, trust was broken in several instances. First, the military authorities failed to inform him of his priest's arrest. Second, he was assured that Fr. Ted could post bail, only later to find out that he had been slapped an unnumbered and undated PDA. And third, before Fr. Ted would be flown to Camp Dangwa in Benguet he was assured by Col. Aguana that Father Ted would be returned to Laoag the next day.

The Catholic Bishop said that since agreements were violated, then the credibility of a CMLC as a body remains in question.

During the interview with *Veritas* held at the Bishop's Palace, the Roman Church's titular head in the Marcos' province stated, "No release, no reconciliation."

Bishop Abaya has likewise refused participation in other endeavors of government. Recently, Mrs. Imelda Marcos invited the Bishop to join her party travelling to Rome for the investiture of the new Filipino cardinal. Bishop Abaya refused the invitation for the reason, that at present, his main preoccupation and concern is the release of Fr. Ted.

Fr. Ted was arrested in his parish in Piddig last March on charges of subversion. He is presently detained in Camp Dangwa where he is kept under strict military supervision and allowed limited visits. His case has been elevated to the Supreme Court where a petition to issue a Writ of Mandamus and Habeas Corpus has been filed by his lawyers composed of FLAG members from Manila and Northern Luzon. To protest the injustice wrought on him and others, the

detained priest has been on fast since May 7.

Veritas likewise received reports in Laoag that a move was initiated by authorities for the Ilocos mayors to sign a petition supporting the arrest of Fr. Ted because of his alleged anti-government activities. Some of them reportedly refused because they did not even know the subject priest.

IN a related development, some members of the Christian Family Movement (CFM) informed *Veritas* that they were being discouraged to gather or conduct meetings. Military authorities were reported to have warned that such meetings could be interpreted as subversive in nature. The CFM's projects include bringing social services to depressed areas otherwise considered by the military as "affected areas" or areas where NPA presence is evident.

Bishop Abaya told *Veritas* that even the distribution of Catholic Relief Services to areas in need are interpreted as "giving aid and comfort to the enemy." The Bishop asked, "What will stop any of us from being called Commander?"

PHILIPPINES

LEGAL ANALYST VIEWS AQUINO CASE DEVELOPMENTS

HK260603 Quezon City VERITAS in English 23 Jun 83 p 8

/Article by Philippine News and Features/

/Text/ Two recent developments at the Sandiganbayan are making observers wonder if the trial of the 26 accused in the Benigno Aquino-Rolando Galman double murder case can still be called the "Trial of the Century."

"Everything seems to be turning for the worse at the Sandiganbayan," said a legal analyst who noted with dismay the recent ruling of the court to exclude the testimonies, before the defunct Agrava Board, of Armed Forces of the Philippines Chief of Staff Gen Fabrian Ver and seven others accused as accessories as evidence against them.

"This is one indication that Ver and company might be acquitted by the Sandiganbayan," said the legal analyst, adding that an acquittal at the Sandigan is irrevocable while a conviction is appealable at the Supreme Court.

Further, the exclusion of the Agrava Board testimonies of the accused accessories "could have been postponed," said the analyst, explaining that any evidence presented to the court at this time can still be appreciated, thrown away or accepted when the defense and the prosecution shall have presented their evidence and rebutted the evidence against Ver and company still stands.

Sources at the Sandigan, however, said that acceptance of evidence is different from the probative value of the evidence, adding that "there is no guarantee the Board's report will be appreciated the way it was appreciated by its own legal panel."

In an interview, Justice Augusto Amores said "unless conspiracy is proved, the evidence against the eight accused is weak," adding that the "direct testimony of Rebecca Guijalo (the lone witness) and the circumstantial evidence presented by the vital eyewitnesses can prove the existence of a conspiracy."

Amores, however, did not state if the evidence on conspiracy is strong enough for the conviction of the eight military men accused as accessories in a supposed effort to "cover up" the crime.

Fiscal Leonardo Tamayo of the prosecution agency said the prosecution had filed a motion for reinstatement of the court's ruling against the Ver and company defense. Justice Manuel Herrera said, the prosecution was "waiting to be told by the court if the court should order the reinstatement" of the ruling against the Ver and company defense.

Earlier, Herrera said, "there's a possibility that we will receive the ruling from the Supreme Court which is, again, an official ruling of the court."

If that happens, the Sandiganbayan will be the prosecution and the Sandiganbayan defense, in which case the latter will be represented by Solicitor General Estelito Mendoza.

Another incident at the Sandiganbayan has added to some observers' claim that the "credibility of the court is already tainted." Lawyer Raul Comas and MALAYA newspaper reporter Larry Sipin were asked by the Sandigan to explain why they should not be cited for contempt for their claim that one of the justices sent notes to the Ver and company defense attorneys during their cross-examination of witness Rebecca (Crying Lady) Gileano last 4 June.

Justice Pamaran, "instead of asking for an investigation opened to cite Comas and Sipin in contempt which put the Sandigan in a bad light," said the legal analyst.

CSO: 4200/1154

PHILIPPINES

CHURCHMEN CONCERNED ABOUT SPREADING HUNGER IN NEGROS

HK280440 Hong Kong AFP in English 0223 GMT 28 Jun 85

/Text/ Churchmen have raised alarm signals over spreading hunger in Negros Island--the once-prosperous sugar bowl that has fallen on hard times due to the commodity's depressed world prices.

Bishop Antonio Fortich, prelate of this capital, has called for steppedup food aid from outside to check malnutrition among children of up to 250,000 displaced families displaced by the industry crisis.

"We need the assistance very badly now. Time is running out fast," he told civic leaders of this city in the central Philippine islands last Monday.

Monsignor Josefino Iledan, parish priest of Kabankalan town south of this capital, told AGENCE FRANCE-PRESSE yesterday that the number of dead children brought to his church for blessing before burial had doubled since January.

"We use to bless an average of 15 dead children a month. Now it's between 25 and 30," he said, stressing that the figures excluded highland children buried without ceremony by parents who cannot afford to bring them to town.

Although he did not directly blame hunger for the deaths, the priest said the figure rose as the sugar crisis intensified this year.

Kabankalan, with a population of 98,000, is the second biggest town of Negros Occidental--the island's main province. It lies within an impoverished area that has become a hotbed of communist insurgency.

Msr Iledan said the Catholic Relief Services, a church agency, had raised to 500 sacks the weekly amount of corn and soybean milk allocated for Kabankalan's children, up by 100 sacks over the previous month's level.

"We expect more demand during July, August and until November," he added.

Negros' economy is almost totally dependent on sugar, which sells for 3 cents a pound and cost 14 cents to produce. Once-lush sugar farms have been untended for months, and the mills have ground to a halt.

The article is followed by an illustration showing the progress of the hunger strike by the communist New People's Army (NPA), which shows the progress of the hunger strike by sugar workers threatened by the company and government officials.

"We cannot afford to give more. We must do the best we can. We must do the best we can. If we just give what they ask for, we will bankrupt the government and we will be in a worse position than we are now," says the article.

Meanwhile, better-off people have organized themselves and have been able to obtain relief with offers to help displaced sugar workers and other victims of the crisis, especially in the south, in response to the appeal of Bishop Rodriguez.

The Catholic prelate said that church families continue to provide emergency food and shelter thrice weekly to 20,000 malnourished children and that church members just "close their eyes" when an entire family shares a child's hunger.

CSO: 4200/1134

VERITAS PROFILES ANOTHER REBEL PRIEST

Quezon City VERITAS in English 2 Jun 83 p 10

[Article by Teresita L. Quevedo]

[Text]

Though he is the best known, Conrado Balweg is not the only priest who has taken the option of armed struggle. Indeed, Catholic religious already lay claim to one "martyr" in the struggle, Fr. Zacharias Agatep who was killed in 1982.

Operating in the Cordilleras is another "rebel priest," Fr. Bruno Ortega, a Tingguian like Balweg, and his confrere in the Society of the Divine Word. Ortega explains his decision to take up arms, and his role in the rebellion in the following article.

IT WAS not his personal vocation but his parents' vow which led Bruno Ortega, SVD to the priesthood. Like many childless couples in the Philippines, his parents prayed and promised that if their firstborn were male, he would become a man of God.

But as a young Tingguian growing up in Abra, Bruno would be drawn to dynamics of tribal politics, to the council of elders where his own father was a respected member. And he watched with regret as the lowland culture slowly eroded the ways of his Binongan tribe. Today he recalls how "burgis politics penetrated and replaced the political system of

the upland communities. The council of elders subsequently lost its social function and the traditional political structures began to fall apart."

Thus he did not resist the path that had been set for him by his parents' wishes. On September 5, 1975, Bruno Ortega was ordained a priest of the Society of the Divine Word. But he never lost interest and passion for politics and "serving the people."

Five years later, his life in danger and under constant surveillance for involvement in protest actions against the Cellogil Resources Corporation, the young parish priest fled his post to join the armed struggle. He had fulfilled his parents' wishes, but it was time to follow his own calling. For Bruno Ortega, like his fellow Tingguian and brother-priest, the more famous comrade Conrado Balweg before him, life had come full circle.

IT TOOK twelve hours of hiking from an isolated town to reach the clearing where this "rebel-priest" was holed up. Halfway up, an old, barefooted woman garbed in traditional *tapis* and loose *katsa* blouse, approached the group and whispered urgent messages to the guide. Two

last night, a line of lights in the sky were the only ones that penetrated the dark. By day, however, the people expressed themselves. Black clouds wrapped around the nearby sky, looking like a dark, menacing presence in the distance.

We were at the head of the Cordillera. By evening, the group had reached the foot of a mountain where two sturdy girls and a medium-built man waited, long arms slung over their shoulders. The girls left soon after, leaving the welcoming party to escort our group to the clearing.

In the dim light, we could make out the outlines of a make-shift shanty coming into view. The silhouette of a short, thin figure appeared at the window. The man rushed out of the hut. Bruno Ortega's greeting broke the silence of the night. "Welcome to the Cordillera mountains!"

BECAUSE they both trace their roots to the Tingguian tribe and now operate in roughly the same area, it is inevitable that parallels be drawn between Frs. Balweg and Ortega.

At the Christ the King Seminary in Quezon City and at the Divine Word Seminary in Tagaytay which they both attended they were tormented by subtle forms of discrimination. "I strongly reacted against this unequal treatment," recounts Ortega. "It was difficult to integrate with our classmates because we were discriminated upon from all sides. Oh yes, even by some priests who favored particular segments of seminarians. Somehow, the question of equality and justice becomes real even within the confines of the seminary."

Like Balweg, Ortega worked with farming communities around Tagaytay, and from the peasants acquired "significant insights that helped me set into concrete terms what Christian service and action actually meant."

His older confrere and Tingguian brother was also a great influence on Ortega. "Oftentimes, our chats and sharing would lead us into defined actions and perspectives of serving the Tingguian

communities in Quezon. Before (Balweg) was ordained in 1973 and was assigned to the upland communities of Ilocos, we still shared each other's thoughts. But because he had left the priesthood work, we had scarce occasions to a last daily chat that used to happen the weekends. We would go back to our ancestral lands and fight for the cause of justice in that area."

By the time Balweg was formally assigned to Ilocos, the Tingguian movement had set the process in a ferment. The appearance of C.M. (the local partner of transnational paper companies) accelerated the deforestation of huge tracts of prime land. In the process, thousands of Tingguians, whose livelihood depended on the forests, became threatened.

Assigned to Iloilo City town, Ortega began assisting in organizing and education work in the area. "Together with some other catechists, we went around explaining to the tribes their rights over their land, as well as the presidential decrees the government has been using to justify what was essentially landgrabbing."

SUCH work inevitably attracted the authorities' attention, and soon Ortega sensed his movements being monitored by the military. "My work was becoming increasingly dangerous day by day. Even my convent boy was held for questioning, and he overheard soldiers talk of 'plans' for my life. There was no other recourse but to enter the 'sona,' if I were to continue working for our people and for the revolution."

It would not be Ortega's initial exposure to the NPA, whom he had heard of even as a teenager. It was not until he worked as a parish priest, however, that Ortega became more fully acquainted with the rebels' work. "What struck me most was the assistance they rendered to the residents of a certain barrio in Mararagan. They helped bring sick children to Bangued for proper medical attention. After that inci-

ISABELA GOVERNOR OFFERS SURRENDERING NPA JOBS, AID

Manila BULLETIN TODAY in English 1 Jun 45 p 5

[Article by Antenor B. Parazo: "If They Surrender--NPA Terrorists Assured of Jobs, Free Hospitalization"]

[Text]

ILAGAN, Isabela — Gov. Faustino Dy has assured members of the New People's Army, who may wish to yield, that they would be treated well and released immediately upon their surrender.

The governor gave the assurance in a series of meetings with barrio people, mostly farmers, in Barangay Holy Friday, Malib; Barangay San Andres, Aurora; Mamp, Cebagan; and in Cordon and Ilagan, all in Isabela.

Gov. Dy also pledged to surrendering dissidents that he would try his best to accommodate them in vacant jobs in various infrastructure projects.

As regards ailing rebels, of which there are many according to intelligence reports, the governor promised them free hospitalization and little money to help their families while their kin are under treatment.

His conferences in the barangays, Gov. Dy said, was a sequel to his pacification drive aimed at enlightening dissidents on the sincerity of President Marcos and the Armed Forces in wishing for the rebels normal lives and chances of making good, economically.

The governor was silent in the case of dissidents who are facing charges in court in connection with crimes they may have committed before and after they had joined the rebel movement.

However, in similar peace dialogues in the past, he has guaranteed that those who have pending court cases would have to go through with their trials, but promised that they would be given fair and speedy disposition of their cases.

CSO: 4200/1140

PHILIPPINES

BAGUIO PAPER PUBLISHES NPA LETTER ON DIALOGUE

Baguio City THE GOLD ORE in English 1 Jun 85 p 2

[Text]

CAN SOMETHING really come out of this?

Sometime last March 7, Cagayan Governor Justiniano P. Cortez went on radio announcing his willingness to dialogue with the New People's Army (NPA in his area anytime and anywhere.

The "Operational Command NPA Cagayan" answered with a 2-page letter (typewritten, pica type on long bond paper) dated 28 March 1985 accepting the governor's offer provided four conditions are met.

The conditions were a safe conduct pass for whoever will attend the dialogue; that this be held in a public forum hosted by credible media people; that the local print and broadcast media be opened for the people to air their grievances; and that their letter be printed and aired in the local media.

Gov. Cortez reportedly delivered a keynote speech to the Integrated Bar of the Philippines (IBP) Cagayan on May 2 where he allegedly said the demands of the NPA are unnecessary but that he cannot meet the last two and that the NPA are not for a real dialogue because they have fixed objectives in coming to the table.

The NPA answered with another 2-page letter dated May 4 (this time in elite type) and titled 'An Open Letter to the Media in Cagayan.' They assailed the three points raised by the governor but asked him "to ponder again" before abandoning their conditions.

This exchange was contained in two of five photocopies of letters recently received by THE GOLD ORE. The other two dated 23 April and May 1985 allegedly came from Jefferson P. Tugawin, reportedly a ranking NPA leader in Cagayan, while the fifth purportedly came from NPA Cagayan-CA and dated April 1985.

Their first letter stated their doubt about the invitation for a dialogue because Gov. Cortez "... is known to be associated with unpopular ruling faction Enrile-Reyno-Carag..." and that on the question of media coverage alone, they would be at a disadvantage.

The media in Cagayan, they stated, have no option but to distort facts about grievances and the plight of the people in their struggle and the countless abuses heaped on them during operations because they are "forced to tow the line of the ruling faction and the military."

"Only *Awirawan*, a paper edited by Pete Mabazza," they stated, "has dared print military abuses..." and he has even been sued for libel, his publication threatened for daring to speak out. They added that they have been sending press releases and communiques to the Cagayan media since 1977 but these have not been accommodated. "Not even our public apologies on some unintended mistakes

that led to the death of civilians have been aired nor printed," the letter stated.

Under this condition, the media has become a mouthpiece of the military establishment. Though not totally partial to the military, the media is being wielded as a tool of the counter insurgency program as evidenced by radio programs such as *Timek to RUC 2* and 'Action Line' aside from biased news reports and clearances they have to get from the military before anything is aired or printed, the NPA's stated.

The NPA's then listed their four conditions. First, there must be concrete guarantees that whoever we send to the dialogue table will be protected - i.e. he will not be arrested and he

can freely return to our headquarters. Second, the dialogue must be facilitated on a public forum and hosted by credible media people who are known for their objectivity such as Ben Paspon (a Cagayano hosting *Buklod Bayan*), and staffers of *Malaya*, *Guardian*, the *Veritas*, and even the *Bulacan Today* and the *Daily Express*. Third, the local radio and newspapers must be opened for the people to freely air their grievances anytime without being harassed. And lastly, this letter must have to be printed and broadcasted on the local media. (NEXT WEEK: An Open Letter to the Media in Cagayan) **NSA

CSO: 4200/1140

PHILIPPINES

WORLD BANK WANTS BANKS TO HAVE CLEAN BALANCE SHEETS

HK260727 Manila BUSINESS DAY in English 24 Jun 85 p 3

/Article by Conrado R. Banal III/

/Text/ The World Bank has tied its grant of new loans to government banks to the condition that the banks must have "clean" balance sheets.

Sources in the government disclosed that the World Bank wants to be assured of the viability of the government banks to which it will extend new loans. While negotiations are ongoing for government loans from the World Bank, the bank has agreed in principle to extend fresh funding to the government for the proposed structural changes in public corporations, including state-owned banks.

The two government banks--the Philippine National Bank (PNB) and the Development Bank of the Philippines (DBP)--both traditional World Bank borrowers, at present, cannot comply with this new criterion. These banks are saddled with billions of pesos in bad loans. In setting the new criterion, the World Bank was apparently prompted by apprehensions that its loans to these banks might not go to development projects, the intended beneficiaries.

The government plan to set up a new bank--a highly specialized bank for industrial projects--may be an attempt, therefore, to satisfy the World Bank condition.

Prime Minister Cesar Virata has said that the government wants to establish a new bank in partnership with the private sector and multilateral financial institutions such as the World Bank. Since the plan is to create an industrial bank, the ongoing government review of each of the industrial sectors--dealing mainly with their prospects--will form part of the detailed plan for the new bank's operations. The sources expect the review will take long to be completed.

Just exactly how the government intends to form the new bank, whether to start from scratch or to refurbish one of its existing banks, "with experience" in industrial lending, still remains to be decided, a source said.

He nevertheless added that the government realizes the advantages in converting one of the state-owned banks into a "clean-balance-sheet" bank that the World Bank promises to support. Because of the virtual halt in their lending operations, both the PNB and DBP at present have underutilized banking networks and personnel.

One proposal is to rename one of the banks, remove its bad loans from its books and give it enough funding from the national government to form the new bank which can attract new loans not only from the world bank but also from private banks abroad.

The PNB, which as a commercial bank accepts deposits from the public and has linkages with the international banking system, may be worth considering for this purpose, the sources said.

On the other hand, the DBP has a rehabilitation program which President Marcos approved in December 1983 but which is yet to be implemented. In that program, the DBP basically would be given a fresh start—similar to the government plan for a new bank.

Some P54 billion of the DBP's loan portfolio or around 70 percent of the total would be transferred to the national government, according to the program. While the DBP will still manage those loans, the national government would have to provide the funds needed to repay the DBP borrowings from abroad and from the domestic financial market which it used partly for those lendings. The DBP would therefore, have a loan portfolio equivalent to about 30 percent of its existing accounts. It could generate funds to relend to other projects and not depend on the national government to repay its loans. In other words, the DBP would be "viable."

At present, both the DBP and the PNB obtained funds to repay their loans, and interests, on these, mainly from the national treasury and government insurance firms--the Social Security System (SSS) and the Government Service Insurance System (GSIS)--in the form of deposits, and partly from their loan collections and sale of acquired assets. The DBP's interest collection this year, for instance, is projected to reach only P /peso/ 2.3 billion as against its interest payments for deposits and loans of about P7.7 billion. This means that the funding gap has to be bridged by funds obtained elsewhere, outside the DBP, such as deposits from the national treasury.

PNB officials said their funding gap is not far from that of DBP.

CSO: 4200/1154

PHILIPPINES

INDUSTRIALIST BLAMES POOR EXPORTS ON PESO-DOLLAR RATE

HK280145 Manila PHILIPPINES DAILY EXPRESS in English 27 Jun 85 p 8

/Article by Arleen C. Chipongian/

/Text/ The "unrealistic" peso-dollar exchange rate was blamed yesterday as the main reason for the continued anemic performance of the export sector.

Industrialist Raul Concepcion, president of the Concepcion Industries Inc (CII), said the export sector has suffered a sharp cut in earnings this year because of several negative factors.

He said that because of the setback, the export sector could no longer be relied upon as a pillar in the country's economic recovery program.

Another major reason for the exports setback were the labor strikes which have paralyzed the operations of many export companies.

Concepcion said with setback in the export sector, the government should draw up a "fallback" program to attain the goals of the economic program.

These fallback measures should include the retraining of skilled workers for "export" to foreign countries, self-sufficiency in food and agriculture to further cut down imports and save foreign exchange and, the promotion of tourism, Concepcion said in a forum with the Economic Journalists Association of the Philippines (EJAP).

Concepcion said in the first 4 months this year, export earnings dropped to \$2.536 billion, 8.68 percent less compared to \$1.68 billion in the same period in 1984.

The main reason for the poor performance was the "unrealistic" peso-dollar exchange rate that has discouraged exporters to sustain their operations.

Yesterday, the exchange rate was P18.459 to \$1, slightly better than the previous day's P18.362, which means exporters were getting less pesos for every \$1 of export sales.

With the slowdown in export earnings, Concepcion forecast that the economy will continue to contract this year. "By yearend, there will be zero growth for the economy," was Concepcion's most optimistic assessment.

He said, the only way to bolster export industries was to extend to them a favorable exchange rate.

Concepcion reiterated his earlier projections that in the next 6 months, the exchange rate would be at P20.50 to \$1.

The industry leader also said that domestic-oriented industries are projected to grow by one-to-five percent in the next 6 months of 1985.

However, he added, the favorable performance would be wiped out by the reverses in the first 6 months this year.

CSO: 4200/1154

PHILIPPINES

VIRATA REPORTS DETAILS OF P3.3 AGRICULTURE LOAN

Manila BULLETIN TODAY in English 1 Jun 85 p 21

[Text]

The consolidated agricultural loan fund that will be administered by the Central Bank to finance the agriculture sector, which has been accorded new impetus under the country's economic recovery program, is expected to be operational by the latter part of this year with a total funding of P3.3 billion.

Prime Minister Cesar Virata said that the fund's sourcing will come mainly from the World Bank which is granting a loan of \$100 million. This will be beefed up by another \$20 million from the US Agency for International Development and another \$60 million from the CB in the form P1.1 billion in counterpart peso funding.

Virata said that the Philippine gov-

ernment's application for the \$100 million loan will be taken up by the bank's executive board at its meeting scheduled on June 6.

Mechanics for the relending of the fund to end-users in the agricultural sector are now being finalized.

The Ministry of Agriculture and Food and the CB have confirmed that lending rates will be on a floating basis, letting the cost of money determined by open market supply and demand forces.

It is expected that by the time the consolidated agriculture loan fund shall be in operation by the latter part of this year, the agricultural incentives program contained in a Cabinet bill pending in the Batasan will have been approved.

CSO: 4200/1140

PHILIPPINES

MANILA SHELVES TEXTILE MODERNIZATION PROGRAM

HK260719 Manila BUSINESS DAY in English 25 Jun 85 p 2

/Article by Daniel C. Yu/

/Text/ The textile industry modernization program of the Board of Investments (BOI) has been shelved because of existing market conditions which discourage textile mills from undertaking any major capital equipment acquisition plan.

The \$550-million program was supposed to have started in 1981 and was supposed to cover a 5-year period which ends this year. The economic crisis in 1983, however, overtook the implementation of the program and derailed the capital equipment acquisition plans of textile mills.

While a number of textile mills applied for the program, most of the mills whose applications were approved did not really undertake any major modernization due to deteriorating market conditions.

The government secured a \$157.4-million loan from the World Bank for the program. However, the facility was hardly utilized due to the high cost of financing required and, later, to the slump in the market which discouraged any expansion plans.

Project proponents were required to put up fresh equity amounting to 25 percent of the total project cost. This was supposed to complement about \$300 million in suppliers credit have machinery and equipment suppliers were required to put up.

Official sources told BUSINESS DAY that with the shelving of the program, the government plans to return part of the World Bank loan it secured for the textile modernization plan. They said the government is contemplating retaining only \$50 million of the \$157.4-million credit. This \$50 million will be used to fund the proposed commodity financing facility (CFF), also for the textile industry.

Government projections indicate that the modernization program could be revived possibly in 1987 when market conditions improve and millers would be in a position to undertake expansion programs.

Despite the shelving of the modernization program, the rehabilitation of existing mills is expected to continue although on a much smaller scale than earlier envisioned.

Some firms which wanted to participate in the program have, in fact, already undertaken small-scale rehabilitation using internally generated funds. These rehabilitation programs included the streamlining of operations through the acquisition of specialized equipment that would help improve overall efficiency of existing equipment as well as through the purchase of locally fabricated parts to improve plant productivity.

With the demand for fabrics in the local market remaining extremely low, many mills are now turning to the export market to dispose their excess production.

Also of much interest to millers is the government plan to require garment exporters to source part of their fabric requirements from the local market. According to an estimate, this plan would generate additional sales of some P /peso/ 3.7 billion for the textile industry.

Instead of focusing its attention on modernization, the government has now centered its interest on improving the chances of domestic mills of entering the world market, initially as indirect exporters, through garment exporters.

It has launched two subprograms to aid millers solve the problems of high domestic interest rates and growing mills operation cost. Both schemes are designed to put local textile mills at par with foreign textile mills.

The high interest problem will be resolved by the proposed CFF which will be used by millers as a raw material financing facility. It will carry concessional World Bank interest rates.

On the other hand, if a mill supplies fabrics to garment exporters, it will immediately be able to get a tax credit certificate equivalent to the duties and taxes that would have been paid if the garment firms had sourced their fabric requirements from abroad. This would reduce the textile mills' production cost.

CSO: 4200/1154

PHILIPPINES

BRIEFS

FIRST LADY LOBBIES FOR THIRD CARDINAL—Manila (AFP)—Imelda Marcos, wife of Philippine President Marcos, has begun lobbying for the selection of a third Cardinal from her largely Roman Catholic country, it was reported here Friday. The official Philippine News Agency (PNA), in a dispatch from Rome, said Mrs Marcos raised the idea while hosting a dinner there yesterday for the country's newly consecrated second Cardinal, Ricardo Vidal. Mrs Marcos said another Cardinal should be named to represent Mindanao, the southern Philippine island group. The most senior Cardinal, Manila Archbishop Jaime Sin, represents island of Luzon, while Cardinal Vidal represents the Visayas. "Fifty million of the 54 million Filipinos are Catholic and the Philippines, since its Christianization in 1521, has been the cradle of Catholicism in Asia where two-thirds of the world's population live," she reportedly said. [Text] [Quezon City ANG PAHAYAGANG MALAYA in English 3 Jun 85 p 1]

CROP DIVERSIFICATION ASSESSMENT—A seven-man World Bank team is in the country to conduct a 3-week assessment of sugarlands for a crop diversification program. The program will be funded by the World Bank this year. Agriculture and Food Minister Salvador Escudero said the team will also conduct consultations with government officials before proceeding to the sugar provinces in Mindanao and the western Visayas on 2 July. The study group's findings will also center on the improvement of yields in sugar areas that will be retained, and the infusion of crop loans into other areas where new crops will be introduced. The government is set to begin a comprehensive rehabilitation program for sugarlands which now cover 400,000 hectares. /Text/ /Quezon City Maharlika Broadcasting System in English 0700 GMT 27 Jun 85/

PROJECTS FOR SUGAR WORKERS—Infrastructure projects worth 3 million pesos will be undertaken in Negros Occidental to benefit displaced sugar workers. The workers have been given priority in the country's labor (market). The projects include the construction of barangay roads and the repair and construction of school buildings. /Text/ /Quezon City Maharlika Broadcasting System in English 0700 GMT 27 Jun 85/

CSO: 4200/1154

SINGAPORE

NEW LANDING CRAFT LAUNCHED

Singapore PIONEER in English May 85 p 29

[Text] SINCE the SAF first began using off-shore islands like Pulau Tekong for military training, the task of replenishing daily food supplies and the transport of soldiers and vehicles fell into the hands of the RSN's small fleet of eight Ramp Powered Launches (RPLs).

To help the present fleet of eight RPLs in their task, the RSN commissioned North Shipyard to build two new RPLs. And on 8 Feb, six months later, RPL 60 and RPL 61 were launched.

The two new RPLs are larger and more sophisticated than their predecessors, the last of which were launched in 1975. With a length of 36 metres and a crew of six, the new generation RPLs are nine meters longer than the older models while employing only one additional crew member. The crew include a coxswain, an engine room artificer, an electrical mechanic and three seamen.

The launches, each of 151 tons deadweight, are capable of transporting 500 men or six 3-tonners. The launches also boast

several sophisticated features for instance, they are capable of making a 360-degree turn on the spot because of their rudder propellers. The bow ramp, from which soldiers and vehicles embark or disembark can be lowered and raised mechanically. There are also mechanically drawn overhead and side-awnings to protect soldiers from the sun and rain.

To assist in monitoring the progress of the work and to observe the installation of the various systems in the vessels, the crew of the two RPLs spent much time at the yard.

One of the men involved was SSG Muhammed Hanifa, Chief Coxswain of Port Services Unit (PSU) which operates the many port launches and RPLs. Said SSG Hanifa: "By observing the technicians and shipbuilders during their work, we learnt more about the RPLs than we could by reading the manuals. Our years of experience on board RPLs also give us the opportunity to monitor and assist the shipyard's technicians in overcoming certain problems." PW

CSO: 4200/1137

THAILAND

COLUMNIST ON U.S.-THAI COMPETITION IN RICE EXPORTS

Bangkok BAN MUANG in Thai 3 Jun 85 p 4

[Article by Suk Wannasak: "The Thai, U.S. Rice Trade"]

[Text] In our geography classes at school, we learned that rice exports used to be Thailand's main source of foreign currency. But there is competition from neighboring countries and great powers such as the United States. We need to know something about our main competitors.

The U.S. Agricultural Attaches Office in Thailand summarized the competition between Thai and U.S. rice and pointed out why Thai rice has the advantage over U.S. rice. The details are as follows:

Besides being the largest exporter of rice in the world, Thailand dominates the important U.S. rice markets because of its price advantage.

In 1981, Thailand and the United States each exported approximately 3 million tons of rice. But in 1984, the United States exported only 2 million tons while Thailand exported 4.5 million tons.

The United States can dominate some of the rice markets because it can sell rice in the form of giving aid. On the other hand, the quality of Thai rice has been improved and prices are lower.

The reason why Thai rice is cheaper than U.S. rice is that demand for rice at the markets is declining [because of] the economic recession and the value of the dollar is very strong. Also, the price cuts by Thai exporters have caused the real price of Thai rice to decline to its lowest level in 20 years.

Because of having improved the quality of Thai rice and, in particular, of having improved rice production techniques during the past 4 years, our rice is of very good quality. At present, the price of good-quality rice is just \$15 a ton higher than that for ordinary rice. Three years ago, the price of good-quality rice was \$50 a ton higher than that for ordinary rice.

Even though the quality of Thai rice has been improved, the quality of Thai rice is still lower than that of U.S. rice. But because Thai rice is cheaper, countries that purchase rice have purchased more and more Thai rice. Because of this, the United States has lost important rice markets, including Nigeria, the European Economic Community and South Africa.

In 1981, the United States supplied 57 percent of the rice imported by Nigeria. By 1984, its share of the rice market had declined to only 17 percent. During the same period, Thailand's share of the rice market in Nigeria increased to 80 percent. This stemmed in part from the fact that Nigeria's income from oil exports declined.

In 1981, the European Economic community imported a total of 1.3 million tons of rice. It bought 396,000 tons from the United States and 76,000 tons from Thailand. But in 1984, Thailand sold the EEC 272,000 tons of rice, double the amount sold in 1983.

During the period 1981-1983, Thai rice exports to South Africa quadrupled. In 1984, South Africa imported 56,000 tons of Thai rice, an 87 percent increase as compared with 1983. During the period 1980-1984, the United States' share of the rice market dropped from 83 to 78 percent. And it is expected that its share will drop to 65 percent in 1985.

The competition between Thai and U.S. rice is growing stronger. Because the planting, harvesting and storage of Thai rice does not rely on technology and machinery, production costs are lower for Thai rice. Also, the cost of milling rice is lower in Thailand than it is in the United States.

Besides this, the price of Thai rice is elastic to shifts in supply and demand on world markets while the price of U.S. rice has been fixed at a rather high level based on the rice program.

The change in the structure of the world rice market during the past 20 years is an important factor that has affected the competition between Thai and U.S. rice. In 1975, the United States greatly expanded exports of good-quality rice to the OPEC countries. Indonesia, which was a very important rice importer, played a part in determining conditions on world rice markets since it imported an average of 2 million tons a year. But in 1980/1981, rice yields in Indonesia were higher than they had ever been and so rice imports dropped to only 543,000 tons.

Because Indonesia's rice yield increased in 1981/1982 while the demand for rice by the developing countries (which import 60 percent of the rice sold on world markets) dropped and because there was an economic recession at a time when yields in the important exporting countries were increasing, the price of rice on world markets dropped.

Besides that, Thailand implemented a policy on exporting rice, reduced the rice export fee and cut prices between Thai exporters. All these things reduced the price of Thai rice to the point where U.S. rice could no longer compete in terms of price.

11943

CSO: 4207/228

THAILAND

CARTOON SEES SRV AS SOVIET PUPPET

Bangkok LAK THAI in Thai 6 Jun 85 p 10

[Cartoon]



Key: 1. Let's speak Russian
2. ASEAN is waiting on negotiations between Vietnam and the United States.

11943

CSO: 4207/228

THAILAND

COLUMN NOTES BURGEONING ELECTION CAMPAIGN COSTS

Bangkok MATICHON SUT SAPDA in Thai 9 Jun 85 p 3

[Catch the Flow column]

[Text] Mr Bunthung Phonphanit, the former president of the Nakhon Ratchasima Provincial Council, has admitted that it costs more than 3 million baht to run for a seat on the provincial council. As for joint-zone, joint-number elections of MPs, Article 32 of the 1979 Parliamentary Election Act stipulates that no more than 350,000 baht may be spent. Is this in line with actual costs?

The Social Action Party, which is headed by M.R.W. Khukrit Pramot, has been trying to revise that section of the constitution that deals with election methods. The important reason is that joint-zone, joint-number elections are very expensive.

Actually, elections are very expensive today, regardless of whether they are joint-election, joint-number or separate-zone, single-number elections. But comparing things based on the experiences of the political parties, joint-zone, joint-number elections are more expensive.

Originally, Nakhon Ratchasima Province was divided into five zones. But because of the new provision in the constitution, these five zones have been consolidated to form a single zone. That is, the province, with 20 districts and 2 branch districts, is now a single zone. In running for office, a candidate must campaign in all 20 districts and 2 branch districts. It costs a lot just to print posters since the cost of paper is now so high. Also, there is the cost of electric sign boards at intersections just like Thai movie advertisements, which cost at least 10,000 baht. And this does not include the cost of showing films or meeting frequently with campaign workers to get them to work vigorously in contacting voters. Because of all these things, the 350,000 baht limit stipulated by the law is a joke.

In Yasothon Province, which is quite remote, one candidate submitted himself to a party and said that he had reserves totaling at least 3 million baht. And in the election in Nakhon Pathom, Mr Banhan Silapa-acha should be able to answer better than others. And there was the election

in Zone 3 in Bangkok Metropolitan, which was won by Admiral Sombun Chuaphibun, the Democrat candidate. The person who was very happy by the result of this election was Mr Lek Nana, the secretary-general of the Democrat Party, since the party spent a huge sum of money on this election.

Elections are political activities that will cost more and more. Limiting election expenses to 350,000 baht is a good idea. The purpose of this law is to give a semblance of fairness, which will give more meaning to democracy and reflect the limits of freedom. But the problem is that the reality is different.

Since the principles and reality are not in harmony, if the Ministry of Interior cannot do something to maintain unity, the only alternative is to revise the election law so that it is in line with reality. And the reality is that politics and elections are expensive, with people having to spend millions of baht. But today, people try to conceal this, saying one thing but doing another. People talk about fairness, but politics is actually a matter of money. Politics is for the wealthy and the large parties that have a strong economic base.

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CSO: 4207/228

THAILAND

MILITARY SOURCES ON TANK MODERNIZATION

Bangkok SIAM RAT in Thai 30 May 85 pp 1, 12

[Article: "Thailand Prepares to Strengthen Its Forces By Purchasing Another Battalion of Tanks"]

[Text] The army is interested in a special type of shell. Gen Banchop Bunnak has gone to the United States to observe things. Preparations are being made to purchase this shell for the M41 tank. At the same time, [the army] is looking for a new, medium-sized tank. It wants to purchase a battalion of tanks.

A military news report has informed SIAM RAT that recently, Gen Banchop Bunnak, the chief of staff of the army, and his party, including Maj Gen Ratsami Wongphrommek, the commander of the Cavalry Center in Saraburi Province, and Maj Gen Samut Nilakun, the deputy chief of the Ordnance Department, traveled to the United States in order to observe operations at a plant that produces tank shells.

Besides visiting the United States, Gen Banchop and his party will also visit Italy and Germany. They are scheduled to return to Thailand on 8 June.

The report stated that Gen Banchop and his party went to the United States to see a special type of tank shell that can be used with Thailand's M41 tanks. Several countries can produce this type of shell. For example, Israel produces a 60mm shell, but it cannot be used with the M41 tank. The United States produces a 76mm shell, and it can be used with the M41 tank.

"We can purchase this type of shell since it can be used by the M41 tank. It explodes immediately on hitting the target," said a news source. He said that Thailand has approximately 200 M41 tanks. We purchased these tanks from the United States at a very low cost. These are now being renovated.

The news report stated that Gen Banchop and his party will visit Italy in order to observe a light tank produced by Italy. The army plans to purchase about a battalion of these tanks. This is a light

tank that weighs less than 25 tons. It will be used to back up the M41 tank when necessary.

In Germany, the group will observe the Leopard tank. This is a medium-sized tank. It will be shown at the Saraburi Cavalry Center in August. Following that, it will be tested in Lopburi.

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THAILAND

POLICE GENERAL HANDPICKS OFFICERS, WARNS ON SYMPATHY FOR CPT

Bangkok SIAM RAT in Thai 4 Jun 85 pp 1, 12

[Article: "Director-General of the Police Department Upset With Those Police Officers Who Refer to Communist Terrorists As 'Brothers'"]

[Text] The director-general of the Police Department is angry at those police officers who have referred to communist terrorists as "brothers." He has warned new police officers who have been assigned to the south to be careful about getting too involved because of the power of various enticements. He has warned them not to fall under the influence of anyone, particularly ore smugglers.

A report from the Police Department stated that at the Police Department on the afternoon of 3 June, Police Gen Narong Mahanon, the director-general of the Police Department, met with police officers who have been assigned to work in the south in order to inform them of [Police Department] policy. He warned the seven police officers who have been assigned to the south not to fall under the influence of the influential people, particularly the ore smugglers. There are many enticements in that region. He asked them not to get so involved that they become the tools of others. "I want to tell you this. I handpicked the officers who will be stationed in the south. I want all of you to help each other solve the problems," said the director-general of the Police Department.

Besides this, he asked the police officers to give attention to the communist terrorists in the south. Some police officers have relatives who are communist terrorists. Some officers are on such intimate terms with them that they refer to the communist terrorists as "brothers." This is very harmful to the image of the police. In particular, police officials in Tha Sala District in Nakhon Sithammarat Province have done things that have resulted in secrets falling into the hands of the communist terrorists. The police have suffered heavy losses because of this.

At the Police Department that same day, Police Col Piti Prachakhit, the deputy chief of the Research and Planning Division, reported the statistics on capital crimes. During the past 3 months, there were 1,973 murders. The provinces with the largest number of capital crimes were Nakhon Sithammarat, 189 cases, Surat Thani, 135 cases, Songkhla, 115 cases, Trang, 89 cases, and Nakhon Ratchasima, 74 cases. He said that the Police Department is preparing to conduct a study to determine the causes of frequently-committed crimes, particularly in Nakhon Sithammarat Province.

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THAILAND

BACKGROUND TO SIAM CITY BANK CRISIS

Bangkok SU ANAKHOT in Thai 30 May-5 Jun 85 pp 19-24

[Article: "Don't Let the Siam City Bank Follow In the Footsteps of Asia Trust"]

[Text] I think that this is the responsibility of the Bank of Thailand [BoT] since it is responsible for monitoring the "health" of the banks in order to ensure that the banks do not cause trouble for the depositors, who mistakenly think that there are no problems, and to prevent minority shareholders from being placed at a disadvantage with no way to supervise bank administration. Minority shareholders, too, have money invested. It is unfair if they have to suffer losses without a chance to say anything. The BoT should be their "eyes and ears." Allowing [a bank's] position to deteriorate to the point where nothing can be done, as has happened before, is not right.

Mr Bunchu Rotchanasathien, the chairman of the Siam City Bank Ltd, still maintains that the BoT must be the one to solve the problems that have arisen at the Siam City Bank.

Background to the Problem

In 1982, the Siam City Bank was owned by Mr Mongkhon Kanchanaphat. Mr Chaloem Chieusakun was the chairman. Under the administration of Mr Mongkhon Kanchanaphat and Mr Wisit Sisombun, the bank suffered losses. Its debts were greater than its registered capital. Finally, the BoT had to take action to prevent further losses.

Mr Mongkhon decided to sell his shares to members of the Mahadamrongkun family, that is, Mr Direk, Mr Dilok and Mr Chairot Mahadamrongkun. But none of these men had any banking experience and so they looked for a professional to help them manage the bank. The professional whom they asked to join them was Mr Bunchu Rotchanasathien, the former managing director of Bangkok Bank Ltd, which belongs to Mr Chin Sophonphanit.

Mr Bunchu came to the Siam City Bank as an advisor only. The team that Mr Bunchu put in place, which was determined to restore the position of the Siam City Bank, included Mr Wisit Tansatcha and Mr Chitkasem Saengsingkaeo. But neither man worked there very long because of a dispute with the Mahadamrongkun group. That is, the Mahadamrongkun group would not give them anything to do.

Finally, Mr Bunchu decided to join [the bank] since he was obligated to certain shareholders whom he had urged to invest in this bank. Also, at that time, there was no conflict between the Mahadamrongkun group and Mr Bunchu.

The View of the BoT

The fact that his team had to leave the bank was actually quite painful to Mr Bunchu. But he thought that a professional at his level could solve the problems. And because of his obligations to friends who had purchased shares, he decided to take the lead and "wage a fierce struggle."

When Mr Bunchu came to administer things, he did so on condition that he would have overall management power; the Mahadamrongkun group would be below him. At that time, the BoT felt that the bank would have to improve its position and many of its activities.

At the end of 1982, Mr Nukun Prachuapmoh, the governor of the BoT at that time, sent a letter to the directors of the Siam City Bank. The letter clearly stated that the bank's position was "unsatisfactory."

This unsatisfactory rating was based on the fact that total assets minus bad debts and half of doubtful debts that were worth more than the collaterals and reserves for doubtful debts equalled only 11,531.6 million baht, which was just slightly more than debts to outsiders. Also, the revenue-generating capability of the Siam City Bank was low. Pre-tax net profits, as shown in the 1980 and 1981 accounts, were only 84.4 and 103.4 million baht respectively.

Based on these figures, one banker said that "if this bank had used accounting methods based on generally accepted accounting principles, its actual operations would have shown a loss."

But let's forget that since that was the responsibility of the old management team. When the management team changes, the conditions change, too.

The BoT recommended that the Siam City Bank take quick action to improve its position by raising its capital and calling for the payment of share costs. It was to raise 100 million baht in 1983 and at least 100 million baht annually in succeeding years until the net capital to net assets ratio was at least equal to the stipulated figure. Dividend payments for the December 1983 fiscal period were suspended.

And what is important is that granting credit and guaranteeing "awan" notes and loans for business ventures in which board members and bank executives have an interest were halted. No additional credits or guarantees above existing credits or debts will be granted unless collateral is put up as guarantee.

Besides this, the BoT also gave orders to the Siam City Bank on several other matters. For example:

Granting credit or giving promissory notes for loans to limited companies in which board members of the bank hold more than 30 percent of the company's outstanding shares is tantamount to granting credit or loan guarantees to or for the bank's board members.

Bunchu Begins Work

At the request of the BoT, which asked the Siam City Bank to improve its position and operations, as the chairman, Mr Bunchu implemented a 5-year (1984-1988) plan for the Siam City Bank. One section was formulated based on the recommendations made by the BoT. Another section was based on his "professionalism."

The BoT recommended that the Siam City Bank formulate a plan that clearly stipulates sources and uses of operating funds, profit targets and both short-term and long-term means and that analyzes compensation rates, capital break-even points and working capital. The bank must formulate a system and stipulate operating stages in line with the bank's plan. It must also stipulate stages or activities for improving things. The bank must improve the work stages of each unit. In particular, officials at all echelons should be informed about their powers, duties and chain of command (it is hard to believe that the BoT had to give such an order). Also, the bank should improve its policies, such as its policies on investing in assets and granting credit and on permanent assets, assets waiting to be sold and other assets, debts, deposits and guarantees.

After the plan was completed, it was sent to the BoT, which examined and approved it. The BoT directed that the "Siam City Bank must quickly improve the various components so that they are in line with the plan. In particular, it must raise its capital, which is an extremely important factor for the bank's position and operations."

The BoT said that it would relax certain control measures and restrictions that had been placed on the Siam City Bank. For example, it could:

1. Open at least five branches a year in the provinces beginning in 1985.
2. Expand the bank's credit by at least 28 percent in 1984 and 35 percent in succeeding years.

3. Pay dividends--after the bank has improved management to the point where there are profits--as stipulated in the plan.

Prior to the Implementation of the 5-Year Plan

What was the condition, or position of the Siam City Bank, for which the BoT had to stipulate supervisory measures, like in 1982-1983?

At the end of 1983, this bank had doubtful debts totaling approximately 1.2 billion baht. These debts did not generate any revenue. The bank also had another 560 million baht of interest payable that it had not booked. Because of this, the bank's report on operating results in the past was inaccurate.

Bunchu's 5-Year Plan

The 5-year plan of the Siam City Bank, which runs from 1984 to 1988, contains the following important objectives:

1. To raise share capital in order to be able to expand activities and grant more credit. This is tantamount to increasing the bank's efficiency and its revenue generating capability.

Capital is to be raised 350 million baht in 1984 which an annual increase of 200 million baht in succeeding years.

2. To begin increasing the number of branches beginning in 1985, with at least five branches added each year.

3. To improve the quality of non-profit-generating assets by trying to cooperate in monitoring and reviewing problematic debts so that they can be repaid as quickly as possible.

4. To improve management by the branches and to improve the supervisory system and the administrative steps.

5. To improve the bank's image and formulate a public relations and advertisement plan in order to make the bank more popular among people in general.

This 5-year plan, which is said to be a stratagem aimed at restoring the bank's position so that the bank is again secure and has the confidence [of the people], also states that the bank will strive to overcome the various weaknesses pointed out by the BoT.

One Year Later

After the BoT approved the plan submitted by the Siam City Bank, Mr Bunchu Rotchanasathien, the chairman of this bank, immediately took steps to implement the plan. To do this, he had to fight those

whose interests were adversely affected, particularly the old group of administrators who had left things in such a mess.

During that period, leaflets, letters and anonymous letters attacking Mr Bunchu were sent to the newspapers, Senate, House of Representatives and even the privy councillor. The Mahadamrongkuns remained quiet.

"Actually, if the Mahadamrongkuns had remained quiet for 5 years, one of them may have had a chance to rise to the top and have a secure position just like Mr Chattri Sophonphanit at Bangkok Bank. They did not follow in the footsteps of Mr Chin [Sophonphanit]," said one man who is well informed about this matter.

The Mahadamrongkuns may have remained quiet because they were so busy trying to obtain money to pay the interest and principal owed Bangkok Bank. Because when they purchased the shares from Mr Mongkhon Kanchanaphat, the Mahadamrongkun group, on the advice of Mr Bunchu, borrowed 200 million baht from Mr Chin. Part of this is now due to be repaid.

After 1 year of carrying on activities based on the plan, the bank's position, as of 31 December 1984, had improved as compared with when the BoT examined its position (17 August 1983). Specifically:

The bank had greatly reduced its bad and doubtful asset accounts. It had succeeded in selling a large amount of real property obtained from debt payment. Because of this, assets waiting to be sold declined from 431.4 million baht, as of 17 August 1983, to 379.1 million baht.

The bank's liquid assets declined from 26.7 percent of total deposits, as of 17 August 1983, to 20.4 percent of deposits. But this was still above the average standard for commercial banks in general.

The bank succeeded in rapidly improving its efficiency in generating profits. In 1984, the pre-tax net profit was 83.02 million baht. In 1983, the pre-tax net profit was only 8.7 million baht. And that was only the first year of the plan.

The Promises Made to the BoT

As for carrying out the orders of the BoT, during the first year of the plan, the Siam City Bank raised its capital by [selling] 1 million shares at 350 baht per share. This raised capital funds to 1,291.1 million baht as of 31 December 1984. The plan is to raise capital by at least 200 million baht a year in succeeding years.

Granting credits for business ventures in which bank directors and executives have an interest was halted.

Urgent action was taken to settle the debts that were the responsibility of the former representatives. Such debts, which totaled 615.9 million baht as of 17 August 1983, were reduced to 579.9 million baht. At the same time, the BoT was told that a great effort would be made to clear up the remaining debts for which the former representatives were responsible by [the end of] 1986.

Speed Up Debt [Payment]

In 1984, the Siam City Bank set targets for accelerating debt payment in major cases. As was reported in the newspapers, it pressed for repayment based on the promissory notes in cases involving the Khensu Construction Company Ltd, The Nilubon International Company Ltd and the Suchat Thanakit Company Ltd. These three companies owed large sums, that is, 35,368,273.60 baht, 52,112,136.97 baht and 92,181,477.40 baht respectively. In another case, credit totaling 50 million baht had been given to the Yaowarat Finance Company of Mr Suphot Detchasakunthon. What can be done to get this money back?

The Siam City Bank finally took these cases to court. It filed civil suits against Mr Wiset Sisombun, Mr Sara Tungkhasiri and Mr Wichian Chiraphotnaphon. At the same time, it filed mortgage suits against all three of these companies.

An investigation was conducted in order to file criminal charges against a former bank director who was responsible for granting credit in violation of the regulations and standards for commercial banks.

In the case of Mr Suphot Detchasakunthon, a report states that the Siam City Bank pursued the matter until Mr Suphot was forced to sell his assets. The bank will soon be repaid all the money owed it.

A Conflict Has Arisen

The year 1985 is the second year for carrying on things based on the plan. Th Siam City Bank must raise its capital as stated in the plan submitted to the BoT.

But now, the Mahadamrongkuns, the major shareholders, do not agree with this. Because if capital is raised while they are experiencing financial problems and they cannot purchase the shares, they are afraid that Mr Bunchu Rotchanasathien will purchase the shares or that if he does not purchase the shares himself, his associates will purchase the shares. The Mahadamrongkun group would no longer be the major shareholder.

Mr Bunchu has confirmed that the bank's operations plan clearly states that the bank must raise its capital annually until 10 million shares have been sold. If this is not done, the targets will not be hit. But it is not easy to raise capital. However, this is a promise that was made to the BoT.

But when the time came to take action based on this promise, the BoT did nothing, claiming that the bank has until the end of 1985 to raise its capital.

"It's not the end of the year yet," said the governor of the BoT as if he was afraid of compromising his neutral position. But he seems to have forgotten that, time and again, the BoT ordered the Siam City Bank to issue additional shares and call for the payment of 350 million baht worth of shares by the end of December 1984. And the BoT ordered the Siam City Bank to raise its capital by at least 200 million baht a year in succeeding years. The BoT seems to have forgotten its own orders!

The Future Path of the Siam City Bank

After the conflict arose between the Mahadamrongkuns and Mr Bunchu in the middle of April 1985, the Mahadamrongkuns issued an order to officials of the Siam City Bank. The order directed that from now on, officials were no longer to take orders from or send reports to the chairman. Examiners whom the chairman had sent out to examine operations were ordered to stop their work. Before examining anything, permission must first be received from the Mahadamrongkun group.

Because of this, the position of Mr Bunchu, who was to "manage things," has changed. He holds an empty position and sits on the 10th floor of the bank building watching the Mahadamrongkuns manage things and knowing that "this family has no experience in the banking business." This is very painful for him.

As for the Mahadamrongkuns, besides managing all the bank's activities, they are trying to obtain funds to pay the money owed Bangkok Bank. As for Bangkok Bank pressing them about this, the Mahadamrongkuns feel that Chin sophonphanit is doing this in order to help Mr Bunchu.

However, Mr Bunchu has said that "I lost again when I negotiated with Bangkok Bank and asked them not to press for repayment at this time but to take only interest for the time being." Conversely, if the Siam City Bank pays the 200 million baht to Bangkok Bank, the Mahadamrongkuns will be free. And even if they do not pay the money owed Bangkok Bank, if they can persuade other shareholders who are not supporters of Mr Bunchu to help oust Mr Bunchu from the Siam City Bank, the path of the Mahadamrongkun group will be much easier.

Many families dream of owning a bank. Because of this, the technocrats who manage the BoT have been striving to have banks owned by the "public" by requiring the commercial banks to sell shares to the people. But in the case of the Siam City Bank raising its capital, which will result in the net-capital to net-assets ratio being at least equal to the stipulated ratio and result in shares being sold to the public (if the Mahadamrongkuns cannot find money to purchase

the shares themselves), the BoT has remained indifferent. The BoT has ignored the appeals for it to step in and solve the problems.

"If there are any problems that affect the people, the BoT will take action immediately," said Mr Kamchon Sathirakun, the governor of the BoT.

Hearing this, it is as if he is saying, "wait until the Asia Trust case repeats itself. Then we will take action." But the money used to solve that problem all belonged to the people.

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THAILAND

CRIMINALITY, MISMANAGEMENT CHARGED IN BUNCHU BANK DEALS

Bangkok SU ANAKHOT in Thai 6-12 Jun 85 pp 8-15

[Article: "Criminality At Siam City Bank"]

[Text] On 29 May 1985, amidst a dispute between two groups of shareholders in the Siam City Bank Ltd, that is, the Mahadamrongkun and Bunchu Rotchanasathien groups, the bank issued a statement that appeared on the front page of almost all the daily newspapers. This statement said:

At its 391st board meeting on Wednesday, 29 May 1985, the board passed a resolution appointing Mr Chaloem Chieusakun as chairman of the board in place of Mr Bunchu Rotchanasathien, who has completed his term based on bank regulations. (Actually, his term does not expire until the end of the year.)

Who Is Chaloem?

The statement issued by the Siam City Bank stated only that Mr Chaloem Chieusakun, age 67, is the deputy director of the Crown Property Bureau [CPB], a major shareholder in the Siam City Bank. The statement said nothing about who he is or where he comes from. But since he worked for the CPB, he must be all right. It is thought that the conflict will be resolved quickly.

Based on an examination conducted by the Bank of Thailand [BoT] on 17 August 1983, the BoT clearly stated:

"[The Siam City Bank's] position and operations are unsatisfactory. Its assets position has declined since the previous audit because of the urgent attempt to write off inferior assets that are the responsibility of both the former representatives and the bank."

The Mahadamrongkun group thought that Mr Chaloem could "stop" Mr Bunchu, the chairman of the board, who refused to yield to the Mahadamrongkun group, a major shareholder. This group thought that the fact that he came from the CPB would provide good protection.

The Plan to Oust Bunchu

After the shareholders meeting in the middle of April, at which it was agreed to increase the bank's capital based on a plan submitted to the BoT by Mr Bunchu, the BoT warned the Siam City Bank to raise its capital as agreed on in the 5-year plan submitted by Mr Bunchu. But the Mahadamrongkun group clearly indicated that it could no longer work with Mr Bunchu. Because raising the capital would make things difficult for the Mahadamrongkun group since it could not obtain money to purchase the shares. The Mahadamrongkun group had already extended itself greatly in borrowing money from Bangkok Bank in order to purchase Siam City Bank shares from Mongkhon Kanchanaphat. Where could it get more money if the capital was raised and more shares were sold? Thus, the Mahadamrongkun group tried to delay the capital increase.

The BoT, with Mr Kamchon Sathirakun as governor, seemed to understand and sympathize with the problems of the Mahadamrongkun group. The BoT stated that the "capital-increase plan runs to the end of the year. It is not necessary to raise [capital] right now." On the other hand, Mr Bunchu felt that if this is delayed, this will affect other things stipulated in the plan.

The Mahadamrongkun group knew that the position of chairman, which was held by Mr Bunchu, did not have much meaning as far as the internal management of the bank was concerned since members of their group held the positions of managing director and deputy managing director. Mr Bunchu could not do anything. But Mr Bunchu's bank duties and his right as chairman to delay certain matters were things that the Mahadamrongkun group could not tolerate.

Thus, the Mahadamrongkun group began looking for a new chairman. It has been known for a long time that they have been considering Mr Chaloem Chieusakun. There were rumors that the Mahadamrongkun group had approached Mr Chaloem Chieusakun, who was working at the CPB.

The Mahadamrongkun Majority

The 391st bank board meeting on 29 May 1985, which was held in order to oust Mr Bunchu from his position as chairman, was scheduled so hurriedly that Mr Bunchu's group did not have a chance to defend itself.

A report stated that eight people attended the meeting. The eight were Mr Chomphu Atchinda, Mr Direk Mahadamrongkun, Mr Chairat Mahadamrongkun, Cpt Sumitra Charusathien, Mr Rak Limthanakun, Mr Dilok Mahadamrongkun, Mr Phurit Mahadamrongkun and Police Gen Phichai Kunlawanit.

Police Gen Phichai Kunlawanit was ill. The Mahadamrongkun group sent a car to pick him up in order to have a quorum. But the report said that Police Gen Phichai was so sick that the four members of the Mahadamrongkun family had to carry him to the meeting against the advice of his doctor.

Another report stated that at the meeting, Mr Rak Limthanakun abstained, and Cpt Sumitra Charusathien voted against [ousting Mr Bunchu]. Thus, the Mahadamrongkun majority had no trouble dismissing Mr Bunchu Rotchanasathien, whom the Mahadamrongkun group had asked to work at the Siam City Bank, from his position as chairman of the board.

They issued a resolution appointing Mr Chaloe Chieusakun, the former chairman who resigned when the BoT clearly indicated that his board of directors had managed things so poorly that the bank's position was precarious. At that time, in his letter of resignation, Mr Chaloe said that he was resigning because of poor health. The return of Mr Chaloe probably indicates that he is again healthy and that he will strive to have the Siam City Bank make progress and have a future.

Does the Crown Property Bureau Have a Policy?

The statement issued by the Siam City Bank stated that the CPB knew that its deputy director was going to become the bank chairman. And the statement issued by Mr Chaloe was very thought provoking. In his statement, he said:

"During my term, I will respond to the trust and faith placed in me by developing the activities of the Siam City Bank so that it becomes the country's leading bank. My operations principles are teamwork, fairness, honesty and planning." What [we] do not understand is how these splendid work principles of Mr Chaloe placed the Siam City Bank in such a difficult position when he was managing things before.

Simply saying that the bank was in trouble without giving any supporting evidence is not fair to Mr Chaloe. Thus, let's review the following facts:

During the time that Mr Chaloe served as the chairman, examinations conducted by the BoT, which is responsible for supervising the commercial banks, found:

1. The bank's position and operations are unsatisfactory. Its assets position has declined since the previous audit because of the urgent attempt to write off inferior assets that are the responsibility of both the former representatives and the bank. Resolute and continuous action has not been taken.

Because of the things done by Mr Chaloem, the BoT ordered the next group of bank directors to have the bank "quickly raise capital and call for the payment of share costs. The bank must raise capital by 350 million baht by the end of December 1984 and suspend dividend payments, unless permission is received from the BoT. Capital must be increased by at least 200 million baht a year in succeeding years. This must remain in effect until the net-capital to net-assets ratio is at least equal to the stipulated ratio.

2. Granting credit and guaranteeing notes, "awan" notes and loans for business ventures in which board members and bank executives have an interest have been halted. No additional credits or guarantees above existing credits or debts will be granted.

The debts incurred by the former representatives, which totaled 615.9 million baht as of the day of the audit, are to be paid off within 3 years. A plan to pay off these debts as soon as possible is to be prepared and submitted to the BoT for consideration.

Besides this, the BoT also said:

The Siam City Bank is engaged in the following activities that violate the 1962 Commercial Banking Act, which was amended by the 1979 Commercial Banking Act (2nd edition):

The bank has extended credit to the Siam City Thanakit Company, the Sinthon Company, the Kriangthong Company and the Bangkok Land Company. Bank board members hold more than 30 percent of the shares in these four companies (all of these belong to the Mahadamrongkun and Mongkhon Kanchanaphat groups).

[The bank] has had real property, obtained from debt settlements, for over 9 years without obtaining an extension of the time limit.

Mr Direk Mahadamrongkun and Mr Chairot Mahadamrongkun, who serve as managing directors or managing partners in the companies in which they hold shares or are partners, have been appointed or allowed to serve as chairman of the board of directors and deputy director of the bank respectively. (At present, it is not known whether Mr Direk and Mr Chairot are now acting in accord with the law or not.) These violations have reduced [people's] confidence in the bank's position.

Chaloem's Plan to Restore the Bank's Position

Let's leave it at that. There may or may not have been violations or shortcomings. Mr Chaloem Chieusakun has responded to people's comments that the bank was experiencing difficulties prior to his resignation by saying:

"That is not true. The bank's position was good. Even though the bank had a large debt, that is normal for all commercial banks. At that time, all banks were experiencing problems. It was not just the Siam City Bank that had problems."

But let's not question Mr Chaloem's ability any more. Instead, let's look at his program.

Mr Chaloem Chieusakun issued a statement on 30 May 1985 a few hours after he was appointed chairman of the board. He has announced three objectives:

1. To expand the bank's activities and to raise its paid-in capital by 500 million baht in 1985 by selling shares. The board approved this unanimously. The bank's registered capital will be raised to 1.1 billion baht in 1985 so that the bank will be able to expand its activities on all fronts, including deposits, credits and other services, based on the government's policies. Consideration will be given to the interests of the people and shareholders.
2. To improve things and complete the work that is in arrears as quickly as possible.
3. To increase work efficiency by improving all work systems. This will be done by asking experts from banks and other institutions to conduct studies, formulate operations plans and give advice at every stage of the operations.

Besides this, it is his policy to increase the knowledge of [bank] officials by holding seminars at the bank. Highly talented officials will be given a bank scholarship to further their education at institutions both here and abroad. This will begin in 1985. Talented officials will be appointed to suitable positions. The appointment of officials to important positions that are still vacant will be stepped up.

Can Chaloem Do These Things?

Just a few hours after being reappointed as chairman, Mr Chaloem Chieusakun realized that he would have to expand the bank's activities by selling an additional 500 million baht worth of shares in 1985. The board directors attending the meeting agreed unanimously.

What is surprising is that when Mr Bunchu Rotchanasathien, the chairman of the board and a professional banker, wanted to raise capital by 200 million baht, this became such a major issue that the Mahadamrongkun group and the Bunchu group would hardly speak to each other. Mr Bunchu once spoke about the capital increase, saying that the Mahadamrongkun group had constantly opposed the implementation of the plan. That is:

"They refuse to increase the capital as stipulated in the plan. They have asked to postpone this, and this has made it impossible to expand activities on schedule. They have delayed things, claiming that they do not have the money and that they are still in debt to other banks, from which they borrowed money to purchase shares from the Kanchanaphat group. [They say that] they do not know where they can get the money if they have to purchase new shares. And so they want to wait. The plan calls for increasing the bank's capital annually until 10 million new shares have been sold. If such problems continue to crop up, it will be impossible to hit the targets, and it will not be possible to fulfill the agreements that I made with the BoT. Where could I show my face?"

But when Mr Chaloem Chieusakun, the former chairman who has now been reappointed to this position, said that he would increase capital by 500 million baht, this was approved by the Mahadamrongkun group. Thus, this seems rather strange.

Where will the Mahadamrongkun group get the money to purchase shares so that the group remains the major shareholder? Or will the CPB invest money, with this being the reason why Mr Chaloem returned?

Was the Crown Property Bureau Involved?

When Mr Chaloem resigned for reasons of ill health after Mr Bunchu's group came and began taking steps to solve the administrative problems created by the former board of directors, there were reports that Mr Bunchu went to see Mr Phunphoem Krairuk, the director of the CPB, in order to ask him to send someone to replace Mr Chaloem, who had resigned, and protect the interests of the CPB, which held 10 percent of the shares in the bank.

Mr Phunphoem told Mr Bunchu that since Mr Bunchu was managing things, the CPB would not interfere and that the CPB would neither increase nor decrease its shareholdings.

Mr Bunchu returned to the Siam City Bank and formulated a 5-year plan, as SU ANAKHOT has reported.

But now, the person who has been appointed chairman of the Siam City Bank is the deputy director of the CPB. Thus, there is reason to suspect that the CPB changed its policy and that it took action to resolve the conflict between the Mahadamrongkun group and Mr Bunchu Rotchanasathien. Or did the Mahadamrongkun group use the CPB as "protective armor?" These are questions to which attention must be given since this commercial bank does not belong to a single person. The prosperity or failure of the bank concerns the people and the nation in general.

Chaloem and the Mahadamrongkun Group

Clearly, the Mahadamrongkun group is pleased that Mr Chaloem has become the chairman of the board in place of Mr Bunchu. Mr Chaloem issued a statement, which was an operations plan. Paragraph 2 stated that he intends to improve things and complete the work that is in arrears as quickly as possible.

But what tasks are in arrears? What is clear to the public is the rapid increase in debt during the time that Mr Chaloem was the chairman. Companies involved included the Kensu Construction Company Ltd, the Nilubon International Company Ltd and the Yaowarat Finance Company Ltd.

Also, the audit found that the former board of directors, of which Mr Chaloem was chairman, had committed violations. Their mismanagement was damaging to the bank's activities.

We must watch to see what steps Mr Chaloem takes to improve things. This will be additional evidence of [his intention] to protect the interests of shareholders and those who use the services of the Siam City Bank. What position will the Mahadamrongkun group take if Mr Chaloem finds himself unable to take action because it involves his friends?

Will the Mahadamrongkun Group Agree?

In Paragraph 3 of his statement, Mr Chaloem said that he intends to increase work efficiency by improving all work systems. Will the Mahadamrongkun group accept this excellent plan? When the Mahadamrongkun group took a controlling interest in the Siam City Bank in place of the Kanchanaphat group and then forced Mr Bunchu out, leaving only the Mahadamrongkun group, people said that the Mahadamrongkun group was unwilling to give power to lower-ranking officials even though this family has no experience in banking activities and must rely on knowledgeable people for help. This has happened to a certain extent. But if these people are entrusted with full management powers and such powers are given to people at all levels as is done at other banks and power is not concentrated in the hands of two or three family members, as is the case at present, things will probably flow smoothly, and it will be possible to carry out things based on the plan.

As for playing favorites, if an official refuses to act as ordered or does not act as they want him to, he is considered to be an outsider. Pressure is put on him, and he has no chance for promotion. When work conditions are like this, talented people will refuse to work there. This is what the Mahadamrongkun group has done with those who work with them. If Mr Chaloem succeeds in changing things and improving work methods, we must applaud his talents. But actually, will things

proceed as Mr Chaloem hopes, or is this old man just having a dream at the beginning of the rainy season?

Who Will Purchase the Shares?

The plan is to raise another 500 million baht in 1985. Little time is left. Where will the Mahadamrongkun group obtain the money to purchase the shares? How can the Mahadamrongkun group agree to this when it was so reluctant when Mr Bunchu wanted to raise capital by just 200 million baht?

A news source from the Mahadamrongkun group said that as for this registered capital of 500 million baht, Mr Chaloem plans to issue 500 million baht worth of preferred shares or loan shares just as the Siam Bank is issuing shares worth 490 million baht. As the bank begins to make a profit, it will convert these preferred shares into common shares.

Something worth thinking about is that even the Siam Bank, which is being supported by the Prem government, which is managed by "supermen" such as Mr Kasem Chatikawanit, who serves as chairman, and Mrs Saowari Hawanon, who is the director, and which is supported by Asia Properties of Mr Sunthon Arunanonchai, apparently had great difficulties selling its shares.

On the other hand, the Siam City Bank is firmly controlled by the Mahadamrongkun group, and Mr Chalown Chieusakun, who is not a very capable person, is the chairman. Thus, it is highly doubtful that it will be able to sell many preferred shares. What does the BoT think about this?

But suppose that people believe that the Mahadamrongkun group has talent and that because it was successful in the watch business, it will be highly successful in the banking business. In addition, there is the talent of Mr Chaloem Chieusakun, who had a chance to see the weaknesses and strengths when he was the chairman and who can use his experience to improve the position of the Siam City Bank. Suppose that because of these things, people purchase 500 million baht worth of shares. If this happens, where will the bank get the money to pay the interest since the bank's position is not good? It has many doubtful debts and cannot pay dividends. What does the BoT think about this?

How Will the Matter End?

This matter will probably drag on for some time since Mr Bunchu, who was ousted from the chairmanship, has mobilized lawyers to retaliate against the Mahadamrongkun group for treating him, as he has said, in a "dirty" manner.

What Mr Bunchu means by the word "dirty" is that prior to this, Mr Chaloeem went to see him and told him what he would do to solve the problems facing the Siam City Bank. Mr Bunchu asked to see Mr Chaloeem's plan and told him that if that plan would enable the Siam City Bank to make progress, he [Bunchu] would support it.

But suddenly, Mr Chaloeem was reappointed to his old position. The Mahadamrongkun group held a hurried meeting. The resignation letter of Mr Wilat Osathanon, who resigned several years ago because of old age, was brought up at meeting 391, and Mr Chaloeem Chieusakun was appointed to replace him. At the same time, the chairmanship was considered regardless of the fact that some people opposed this.

Something else that is strange is that Police Gen Phichai Kunlawanit, a board member whose presence was needed at the meeting to make up a quorum, was very sick, but he still managed to attend the meeting.

It will be people such as Chomphu Atthachinda, a famous lawyer who graduated from Thammasat University and who loves honesty and fairness, who will answer the questions.

Mr Bunchu has had his lawyers file suit in court over the things that he considers to be unfair and dirty.

Another news report states that another group of shareholders will ask the Ministry of Commerce to examine the bank's position based on the Civil and Commercial Code. There are also reports that just after Mr Bunchu was ousted from his position as chairman, the foreign banks that had granted short-term loans to the Siam City Bank because of their confidence in Mr Bunchu immediately called in loans totaling 1.5 billion baht from the Siam City Bank.

It will not be easy to clear up this matter. It will continue until shareholders and depositors feel at ease and are not worried that someone has stolen their money. People will feel at ease only when they see that things are being managed efficiently, when the bank has the trust of other financial institutions both here and abroad and when the bank has the trust of the people who use its services. This is the hope of the people who are involved with the commercial banks. And this is our hope as members of the mass media.

Ten Years Ago

Ten years ago, on 27 May 1975, Police Lt Gen Monchai Phankhongchun, who was then the deputy director-general of the Police Department, issued Police Department Order 1814/1975 appointing officials to investigate Mr Direk Mahadamrongkun and Mr Mongkhon Kanchanaphat on charges of cheating on their taxes, smuggling currency out of the country, cheating on land taxes and failing to pay revenue taxes.

This stemmed from charges made by Mr Chup Manithapho, the editor of 14 OCTOBER, who sent a letter to the deputy minister of interior and the Police Department.

The officials who conducted the investigation included:

1. Police Col Suchin Surachat, the deputy commissioner of the Central Investigation Bureau, was the head of the investigative team.
2. Police Col Suthin Ketusin, the deputy commander of the Suppression Division.
3. Police Col Atsani Mokkaranon, the deputy commander of the Alien Registration and Taxation Division.
4. Police Col Kriangkrai Kannasut, the deputy commander of the Immigration Division.
5. Police Col Annuai Phichanchit, the deputy commander of the Special Branch Division.
6. Police Col Nikhom Prachanurak, the superintendent of Precinct 3, Special Branch Division.
7. Police Lt Col Thawongwong Sapsiri, the superintendent of Precinct 1, Suppression Division.
8. Police Lt Col Pramuk Sutabut, the deputy superintendent of Precinct 6, Suppression Division.
9. Police Lt Col Thakoeng Trisawat, the deputy superintendent of Precinct 2, Alien Registration and Taxation Division.
10. Police Lt Col Win Phuphet, the deputy superintendent of Precinct 2, Alien Registration and Taxation Division.
11. Police Lt Col Sitthichai Phamonbut, the deputy superintendent of Precinct 4, Immigration Division.
12. Police Lt Col Udom Detduang, the deputy superintendent of Precinct 5, Immigration Division.
13. Police Lt Col Chawalit Mokkararat, the deputy superintendent of Precinct 3, Special Branch Division.

The investigation was completed and the results were sent to the government for further handling of the case. Then, the events of 6 October 1976 took place. When the Thanin Kraiwichien government came to power, the results of the investigation were ignored. What those results were is not known. But the matter could certainly be revived since the statute of limitations has not run out.

The City Land Company Purchased Land From the Bank

Based on the operating principles of banks in general, after a certain length of time, property that has been repossessed can be sold. The Siam City Bank is one bank that has repossessed and sold much land in the past several years. In buying such property, people must submit bids.

One such property was a 500-rai parcel located near Annut Lane at Kilometer 25. The owner had borrowed 40 million baht from the bank and still owed approximately 34 million baht.

The City Land Company Ltd purchased this parcel without having to submit a bid. And it paid only 27 million baht for the parcel! That is only 54,000 baht per rai, or 135 baht per square wa [1 wa equals 2 yards]. That is a very good price for property at Kilometer 25 near Annut Lane.

The City Land Company Ltd registered as a company around the middle of 1983 during the time that the Mahadamrongkun group took control [of the Siam City Bank]. The registration capital of 1 million baht was divided into 10,000 shres at 100 baht per share. And one of the shareholders was Mr Somsak Oraek, who was the managing director of the Kanthong Company, which sells Seiko watches, and the uncle of Phurit Mahadamrongkun. Another member of the board of directors of the City Land Company was Mr Somchai Anatsathaphon, who lived at 219/7 Sathon Tai Road, Bangkok Metropolitan. This house just happened to belong to Mr Direk Mahadamrongkun. At first, this company used land belonging to the Times Crown Company near the Bangkok Plaza. This latter company was owned by the Mahadamrongkun group, and, at that time, it managed the City Bank, too. [I] do not know if the City Bank plans to sell any more repossessed land. If it plans to sell any more 500-rai parcels in the suburbs at 135 baht per square wa, I hope it makes an announcement. I can assure you that I will find someone to purchase it.

Luck Worth 152 Million; Who will Take Responsibility?

Mr Wira Kiettisaengsin borrowed 152 million baht from the Trang branch of the Siam City Bank. Mr Manat Thammarak, the representative of the Trang branch of the bank, was his guarantor. This 152 million debt does not include interest. He borrowed this money during the time that Mr Wisit Sisombun was the managing director of the Siam City Bank and Mr Chaloe Chieusakun was the chairman.

When the Mahadamrongkun group took control, a settlement contract was signed, with Wira and Manat (Manat once owned the Manhattan Hotel on Soi 15, Sukhumvit Road) agreeing to the terms of the debt and agreeing to repay the loan. At the end of the settlement contract, it was clearly stated that "both sides agree to submit a case only to a court with jurisdiction in Bangkok Metropolitan."

Later on, Wira and Manat grew tired of servicing this debt and so the Siam City Bank had to sue. It filed suit on 30 June 1983, just 1 day before the statute of limitations was to expire, that is, 1 July 1983. Both the lower court and the court of appeals rejected the suit since the Siam City Bank had insisted on trying this case in the Trang provincial court, which had no jurisdiction in this matter. The court said:

"The plaintiff and defendant both agreed in writing that if there was a dispute about this agreement, the two sides would submit the case to the court with jurisdiction in Bangkok Metropolitan. This agreement is binding based on Article 7 (4) of the Code on Trying Civil Cases. The sum of money under dispute in this case is beyond the jurisdiction of the northern or southern Bangkok Metropolitan courts. The court in Bangkok Metropolitan with the jurisdiction to hear this case is the Civil Court. The plaintiff is bound by this agreement and can submit the case only to the Civil Court. Only the Civil Court can settle this dispute as agreed on by the plaintiff and defendant. The Trang provincial court does not have the authority to settle the dispute. The lower court dismissed the case. The plaintiff was satisfied. The court of appeals agrees and will not hear the plaintiff's appeal."

The people who ordered the suit filed in the Trang provincial court were Dilok and Phurit Mahadamrongkun, who were the ones who signed the power of attorney.

The luckiest people during these past 10 years have been Mr Wira Kiettisaengsin and Manat Thammarak. They owe 152 million baht, not including interest, and do not have to repay any of the money.

Questions that need to be answered are:

That 152 million baht came from the deposits of ordinary people, who have suffered the loss because of the decisions made by Dilok and Phurit Mahadamrongkun. Who will take responsibility?

What does the BoT think about this?

Bank shareholders lost profits because of this inefficient and careless management. To whom can they appeal for justice?

Who will answer these questions? Are Dilok and Phurit willing to sell their Seiko and Citizen watches to return the 152 million baht to the people?

11943

CSO: 4207/233

THAILAND

BRIEFS

INTELLIGENCE AGENTS TAKEN TO BURMA--Two Thai Regional Security Volunteers disappeared while gathering intelligence on the fighting between Karen and Burmese forces. Villagers have confirmed that they are being held in Burma. A report from Tak Province has revealed that Bunlim Sirat and Bunthing Atnarong, Regional Security Volunteers, received orders from the RSV Company in Tha Song Yang District, Tak Province, to go obtain information on the fighting between Burmese and Karen forces along the Thai-Burmese border. They left on 12 May but never returned. On 19 May, six Burmese military porters who had fled to Thailand reported that they had seen two Thais who were being held prisoner in Pha Ang. On 20 May, a Thai merchant who trades on the Burmese side reported having seen these two men. They had been moved to Saeng Poi Subdistrict in Pha Ang. At present, it is not known if they are still alive. In his capacity as the acting director of the Thai-Burmese border command center in Tak Province, Sublieutenant Phet Khumson, the deputy governor of Tak Province, ordered officials in Tha Song Yang District and the officials concerned to coordinate things and help these two men as quickly as possible. [Text] [Bangkok MATICHON in Thai 23 May 85 p 2] 11943

CSO: 4207/228

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

CGDK FOREIGN MINISTRY SPOKESMAN ON BOTSWANA

BK210256 (Clandestine) Voice of the National Army of Democratic Kampuchea in
Cambodian 2315 GMT 20 Jun 85

[17 June "Statement by CGDK Foreign Ministry spokesman condemning South
Africa's aggressive act against Botswana"]

[Text] The world community has heard with great anger the news of the ag-
gressive act by the South African racist regime against the Republic of
Botswana at dawn on 14 June 1985, causing loss of life and property damage
in Gaborone.

This is a new, premeditated crime committed by South Africa in violation of
Botswana's sovereignty and territorial integrity. This aggressive act menaces
peace and security in central Africa, where the situation has been very tense
due to the South African racist regime's occupation of Namibia.

The Cambodian people and the CGDK vehemently condemn this premeditated act
of aggression and demand that South Africa end its policy of aggression
against, savoring causing insecurity for, and threatening neighboring
African countries.

The Cambodian people and the CGDK would like to express their fraternal
solidarity with the people and Government of Botswana in their struggle to
defend their independence, sovereignty, and territorial integrity.

[Signed] The spokesman of the CGDK Foreign Ministry Democratic Kampuchea,
17 June 1985

CSO: 4212/85

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

VONADK, VODK: BATTLEFIELD ACTIVITIES REPORTED

14-20 Jun

BK211108 [Editorial Report] (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian and (Clandestine) Voice of Democratic Kampuchea in Cambodian broadcast the following battle reports during the reporting period 14-20 June:

VONADK at 2315 GMT on 14 June reports that between 6 and 11 June, DK forces killed and wounded 90 Vietnamese soldiers on the south Sisophon, Moun-Pursat, Kompong Thom, and Preah Vihear battlefields. They destroyed 16 weapons, 300 meters of railroad track, 1 company position, 1 command post, 11 barracks, 41 large and small trenches, 1 ammunition dump, 1 jeep, 1 C-46 field radio, 1 C-25 field radio, 5 maps, and some war materiel. They seized a quantity of weapons, ammunition, and war materiel. They also liberated two villages on Stung Treng battlefield.

According to VONADK broadcast at 2315 GMT on 15 June, DK combatants killed and wounded 75 Vietnamese soldiers between 2 and 11 June on the Tonle Sap, Siem Reap, Kompong Thom, south Sisophon, north Sisophon, and Kompong Speu battlefields. They destroyed some weapons, ammunition, and war materiel and seized a quantity of military materiel. They also liberated nine villages on the north Battambang battlefield.

VONADK at 2315 GMT on 16 June reports that DK forces attacked Trapeang Reang commune office, Chhuk District, Kampot Province, on 7 June. They ambushed a jeep on the Pailin battlefield on 10 June and killed six Vietnamese soldiers, including a battalion commander and two company leaders. From 6 to 12 June, DK combatants killed and wounded 100 Vietnamese soldiers on the Pailin, Koh Kong, and Kampot battlefields. They destroyed four guns, a commune office building, a motorboat, a truck, a paddy storehouse, and a quantity of military materiel. They seized some guns, ammunition, and military materiel.

According to VODK at 2330 GMT on 16 June, DK forces killed and wounded 75 Vietnamese soldiers on the Kompong Speu, Tonle Sap, Sisophon-south of Route 5, Sisophon-North of Route 5, Siem Reap, and Kompong Thom battlefields from 2 to 12 June. They destroyed two boats and a quantity of military materiel. They also seized some military materiel.

VONADK at 2315 GMT on 17 June states that DK combatants ambushed a Vietnamese truck in Chikreng District, Siem Reap Province, on 4 June. They also ambushed a Vietnamese company in Moug District, Battambang Province, on 12 June. A Vietnamese truck was destroyed by mines on the Sisophon-south of Route 5 battlefield on 12 June. From 29 May to 15 June, DK troops killed and wounded 88 Vietnamese enemy soldiers on the Kompong Chhnang, Moug, Western Leach, Kompong Thom, Siem Reap, Kratie, and Chhep battlefields. They destroyed 14 guns, 1 truck, and a quantity of military materiel. They also seized some military materiel.

VODK at 2330 GMT on 17 June reports that from 6 to 12 June, DK combatants killed and wounded 91 Vietnamese soldiers on the Kampot, Koh Kong Kraom, Koh Kong Leu, and Pailin battlefields. They destroyed two trucks, a motorboat, a paddy storehouse, and a quantity of weapons and military materiel. They also seized some weapons, ammunition, and military materiel.

According to VONADK broadcast at 2315 GMT on 18 June, DK forces attacked and liberated a Vietnamese platoon position on the Samlot battlefield on 15 June. From 29 May to 16 June, DK troops killed and wounded 128 Vietnamese soldiers on the Pailin, Kompong Chhnang, Western Leach, Siem Ta, Samlot, Sisophon-north of Route 5, Kampot, and Kompong Speu battlefields. They destroyed 18 guns, 23 trenches, 10 military barracks, a commune office building, and a quantity of military materiel. They also seized some guns, ammunition, and military materiel.

VONADK at 2315 GMT on 19 June reports that between 19 May and 17 June, DK combatants killed and wounded 49 Vietnamese soldiers on the Koh Kong Leu-, Kompong Som, Chhep, Kompong Chhnang, south Sisophon, and Moug battlefields. They destroyed 210 meters of railroad track, 1 commune office, 22 trenches, 4 trucks, and some weapons, ammunition, and war materiel. They also seized a quantity of weapons, ammunition, and military materiel.

According to VONADK at 2315 GMT on 20 June, between 8 and 16 June, DK combatants killed and wounded 59 Vietnamese enemy soldiers on the Battambang, Kompong Thom, Kompong Cham, and Chhep battlefields. They destroyed 4 weapons, 600 meters of railroad track, 2 commune offices, 7 barracks, and some war materiel. They seized seven weapons and a quantity of military materiel. They also liberated five villages on the Kompong Thom battlefield.

Kompong Thom Villages 'Liberated'

BK210302 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 20 Jun 85

[Excerpt] On Kompong Thom battlefield on 17 June, we attacked a Vietnamese commune office at (Choeng Daeung) in Baray District. After 30 minutes of fighting, we totally liberated this commune office. We killed four Vietnamese soldiers; wounded two others; and destroyed a commune office, five barracks, five sacks of paddy, and two sacks of rice. We seized 4 AK's,

1 AR-15, some AK ammunition, 4 hand grenades, 20 mines, 16 AK magazines, 4 AK pouches, 5 bicycles, and some war materiel. We liberated five villages, namely Phum Phnet Reay, Ponnareay, Pongro, (Choeng Daeung), and Pong Toek.

SRV Convoy 'Ambushed' in Stung Treng

BK220351 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 21 Jun 85

[Excerpt] On Stung Treng battlefield on 15 June, eight Vietnamese trucks left Stung Treng for Ratanakiri. We ambushed and destroyed two of them on the spot. Five Vietnamese soldiers on the trucks were killed and five others were wounded. We destroyed a fuel tank containing 5,000 liters of gasoline.

Attack on Moug District Seat

BK230134 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 22 Jun 85

[Excerpt] Our National Army launched a 2-pronged attack on Moug District seat [Battambang Province] on 17 June. The first prong was directed from Vat Pou to the market. The second prong originated from the high school to the district office. After 30 minutes of fighting, we killed five Vietnamese enemy soldiers and wounded five others. We destroyed 3 guns, 1 Vietnamese enemy's company position, 1 platoon position, 10 military barracks, 10 big trenches, 10 small trenches, 5 Vietnamese enemy houses, and some military materiel. We seized some war materiel.

Attack on Kaoh Nhek District Seat

BK240350 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 23 Jun 85

[Excerpt] Our special detachment launched a 2-pronged attack on Kaoh Nhek district seat, Mondolkiri Province, on 19 June.

The first prong was directed from the brigade command post to Phnum Kraol. The second prong was directed from the old rice mill to Phnum Kraol.

In 20 minutes of fighting, we killed 25 Vietnamese enemy soldiers and wounded 24 others. Among those killed were a battalion commander and a company leader. We destroyed a 60-mm mortar, an M-20, a Goryonov, and a quantity of military materiel.

CSO: 4212/85

PEOPLE'S REPUBLIC OF KAMPUCHEA

HENG SAMRIN SPEECH AT YOUTH UNION MEETING

BK181157 Phnom Penh Domestic Service in Cambodian 1300 GMT 17 Jun 85

[Speech by PRK Council of State Chairman and party Central Committee General Secretary Heng Samrin at 16 June youth union meeting in Phnom Penh--recorded]

[Text] Dear comrades and friends: On the occasion of this solemn gathering to mark the 30th founding anniversary of the Kampuchean People's Revolutionary Youth Union [KPYRU], to welcome the outcome of the meeting to sum up the 3-strong youth emulation movement, and to anticipate the 12th world youth and students festival, I would like to express on behalf of the party and state and in my own name my warmest congratulations and greetings to all of you present here and, through you, to all youths and children throughout the country.

The Khmer Youth Union was born 30 years ago, on 16 June 1955, and is now known under the new name of KPYRU. Since its founding, the youth union has courageously struggled and has actively been a vanguard force, the party's right hand, a source of candidates for the party, and a school of Marxism and communism for the youths. It has been a force full of vitality and a model of vanguard in all revolutionary tasks, greatly contributing to the cause of national defense and reconstruction.

During the struggle against the colonialists, feudalists, imperialists, and their lackeys, the youth union and the young people made an important contribution, carrying on the noble tradition of bravery in struggle, overcoming all obstacles, daring to make all kinds of sacrifice, and thereby, together with the force of the people, winning total victory on 17 April 1975. The youth union and the young people were extremely proud of this historic victory. However, for 3 years and 8 months the Pol Pot-Ieng Sary-Khieu Sampan gang of genocide persecuted the young people, breaking them down physically and mentally, slaughtering a large number of our authentic youth union members, and turning the youth union organization into an extremely fanatical reactionary organization serving the gang as an instrument for the massacre of our innocent people.

Following the liberation of the country on 7 January 1979, the youth union has been faced with heavy revolutionary tasks and has garnered great honor as the fourth party congress put forward two major duties: to firmly defend the national independence and to build the fatherland through the period

of transition step by step toward socialism. However, the Beijing hegemonist-expansionists continue to provide frenzied support for the unpopular Pol Pot-Ieng Sary-Khieu Samphan clique. They have been resorting to all maneuvers to sabotage the peaceful life of our people and the development of the Cambodian revolution. Faced with such a situation, the Cambodian youths continue to be the crack force, daring to make countless sacrifices, overcoming all kinds of hardship, and surmounting all obstacles, thus bringing to the PRK one great victory after another.

On behalf of the party, government, and the National Council of the KUFNCD, I voice admiration for and praises to the youth union, the youth association, and the young people in general for participating with a high sense of awareness in the three revolutionary movements, the 3-strong emulation movement of the youths, and the 3-good movement of the children. [applause] On this occasion, I would also like to praise the party and state authorities at all levels, the mass organizations, the parents, and the school teachers and school mistresses for creating favorable conditions for and supporting our youths and children throughout the country.

The important experience that we must firmly grasp is the special and personal correct leadership of the party regarding the youth union. Each day of the advance of the revolution represents 1 day of disintegration and erosion of the influence of the former society. The youth union and the young people throughout the country have made wonderful contributions to the defense and reconstruction of the fatherland. For the time being as well as for the distant future, the youth union and youth associations have the following tasks:

At present, because the enemy suffered heavy setbacks at the border, the situation of the Cambodian revolution is making rapid progress. The youth unions and youth associations throughout the country must carry on the tradition as the winner. They must join with the entire party, armed forces, and people in setting an example as the vanguard in national defense and reconstruction. They must pay attention to increasing farm production, supporting the front, and assisting the families of combatants and workers now engaged in duty at the Cambodian-Thai border.

In the ministries, offices, factories, and enterprises, the young people must respect the working hours, enhance creativeness, and increase work yield. They must pay close attention to building the intrinsic revolutionary forces, studying Marxism-Leninism, raising the level of understanding regarding theory, policy, and work capacity, and seeking harder to understand the party and contribute to party building and expansion. It is imperative to pay attention to educating the children, thus contributing to building a new socialist man. It is imperative to pay attention to safeguarding and building the administrative power at all levels and opposing all encroachments upon the state laws and upon the rights and interests of the people and youths in order to contribute actively to building and strengthening the regime of the PRK.

What I have just said is the essence of the pure spirit of patriotism that the youth unions and youth associations must study and firmly grasp in order

to transform this understanding into actual deeds in their noble roles. The union is the leading core of the youth movement. It is the representative of all interests and right to mastery of the youths, and it entertains good relations and close cooperation with the authorities and mass organizations under the leadership of the party. In each unit, the youth union must join with the local party members and core group in ensuring the smooth function and successful implementation of all revolutionary tasks of the party. [applause]

On this solemn occasion, I would like to recall that, it is the duty of the party committee in each locality to provide direct and permanent leadership for the local youth union organization. In order to carry out this work successfully, first of all, all party, state, and mass organization institutions must help to create good conditions for a party member to become a youth union secretary at all levels so that the youth union members can strive to turn themselves into party members. The party committees at all levels must organize programs on a permanent basis during which reports by youth unions can be heard and during which all reasonable demands made by the youth unions and youth associations can be met.

Dear comrades and friends, the road to our objective is still a very long one. The enemy has more perfidious maneuvers in store for us. We will have to overcome many more complex difficulties. However, under the clear-sighted leadership of the KPRP, we will certainly triumph. [applause] Dear youth union members, you must strive hard for the great revolutionary cause of the party and people. Be courageous in setting an example as a front-line vanguard in all battlefields, in all fields of work, in all areas, and at all times according to the slogan: "Where there is need, there are the youths; where the work is hard, the youths will be there."

I am confident that you will never betray the trust of the party. [applause]

CSO: 4212/85

MILITARY AFFAIRS AND PUBLIC SECURITY

GOOD ON-THE-JOB TRAINING FOR OFFICER CANDIDATES URGED

Hanoi QUAN DOI NHAN DAN in Vietnamese 3 May 85 pp 1, 4

[Editorial: "Do a Good Job of Sending Officer Candidates To Take On-the-Job Training"]

[Text] Every year thousands of officer candidates are sent to the basic units to take on-the-job training in accordance with training goals. That is a system of education and training in the training process. Article 51 of the School Statutes states that "In the on-the-job training period students are responsible for correctly fulfilling functions in accordance with the on-the-study status." That may be regarded as a phase of continuing study in the units, on ships and boats, and in hospitals or national defense enterprises. In the process of on-the-job training students study technical equipment, combat command, the management and organization of training and education of troops, and the maintenance of combat readiness measures, by which means they can accumulate experience in specialized activity. It is an extremely important phase for all students, especially those who were general school students before entering the military schools.

So that on-the-job training can attain high quality and contribute effectively to the mission of building strong basic units, in addition to equipping the students with the knowledge needed by detachment-level officers and especially enabling the students to understand the situation of the enemy, the situation of the battlefield and the area in which the troops are stationed, the situation of the people, and the economic and social objectives of the locality.

It is necessary to clearly determine the goals, requirements, contents, and methods of on-the-job training according to function and clarify matters on which study must be focused. The students must study and firmly grasp the unit's missions, especially the training and combat missions and the experiences of the unit members and detachments, and clearly understand goals of the basic unit and the strengths, weaknesses, and difficulties, on the basis of which to effectively organize and carry out the missions that are assigned to them while taking on-the-job training.

When assigning functions to the on-the-job training students the company and battalion cadres must assign clear missions and authority so that the students

will not be dependent but will dare to act and accept responsibility. However, during the initial phase the students are usually hesitant, passive, and deferential, especially on the part of candidates and general school students who do not yet fully understand the life of soldiers, so it is even more difficult to avoid inexperience and confusion in fulfilling their functions. Therefore the cadres must study the capabilities of candidates and assign them initial functions based on their specialized training, with well qualified people being assigned to assist less qualified people, in order to respond to the contents that must be studied on the job. The direct upper echelon must clearly understand the concerns and worries of the candidates and provide specific guidance about what must be done so that the candidates can confidently and enthusiastically assume responsibility for their knowledge and duties.

Experience shows that on-the-job training is more effective when candidates receive training in accordance with their functions in the table of organization, participate in studying specific tactical and technical matters, use the units' combat technical equipment, and study the specific scientific problems being experienced by the units, or specialized professional matters serving the squads in work, training, and combat. The candidates enter into the lives of the troops and participate in fulfilling complicated missions while taking on-the-job training to improve their knowledge and help them fulfill their function as officers.

Sending candidates to take on-the-job training is a method for maintaining the relationship between the schools and the units in order to increase their understanding of practice and theory and contribute notably to improving the quality of training. The schools and units must coordinate closely in guiding the carrying out of the candidates' on-the-job training programs and plans in order to combine study with practice and ensure the quality of the schools' training.

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CSO: 4209/447

MILITARY AFFAIRS AND PUBLIC SECURITY

DA NANG SELF-DEFENSE FORCES PROTECT CARGO

Hanoi QUAN DOI NHAN DAN in Vietnamese 3 May 85 p 3

[Article by Thanh Vien: "Self-Defense Forces of Da Nang Port Positively Protect Materials and Goods"]

[Text] Outside the Tien Sa port, which lies at the foot of the Son Tra mountain range, four foreign ships, each with a capacity of more than 10,000 tons are at anchor. On the Han River strings of barges move amidst hundreds of motorboats of fishermen who are moving out to sea to fish off-shore. Armed sailors protect cargo moving on the river and along a stretch of the coast more than 10 kilometers long. When the barges reach the bank the workers and the truck drivers present their identification cards to the personnel of the control stations so that they can go to the work area. At the Tien Sa port and along both sides of the Han River dozens of such control points coordinate with the patrol teams of the self-defense forces, which fulfill their missions day and night. When I saw the workers at the Da Nang port I noted that everyone not only worked and produced enthusiastically but were conscious of vigilantly protecting order and security.

The self-defense forces of the Da Nang port were formed soon after the city was liberated, a new board of directors was set up, and more than 4,000 workers volunteered to work at the port. At that time the counterrevolutionaries and the bad elements who were hiding out all over were stealing property in the port area. Therefore the board of directors urgently recruited people and formed a self-defense battalion to serve as the assault force in producing and in protecting order and security. During the past 10 years, in addition to the changes in the lives of the workers and the upward advance of the port, the self-defense forces there have continually been developed and consolidated and have matured with regard to both quantity and quality. At present the self-defense forces of the Da Nang port account for one-third of all workers. More than 50 percent of their members are party members and Youth Union members. All members of the party committee and board of directors of the enterprise, as well as the cadres in charge of the departments and the stevedore units both guide production and command the self-defense forces.

The leadership cadres of the port of Da Nang told me that every time a foreign port enters the port the hard-core cargo-handling forces are the self-defense

forces. Most of them are healthy young workers whose labor is organized along militarized lines, so they have high productivity and contribute to quickly loading or unloading ships and fulfilling production plans at an early date. Therefore, since 1976 the port of Da Nang has continually surpassed the cargo receiving and shipping norms assigned it. In 1983 and 1984 it surpassed its plans by 112 and 120 percent and was awarded a Second Class Labor Medal by the state. In addition to their production mission the self-defense forces of the port of Da Nang have actively patrolled, guarded, and maintained order and security in the area. During the past 10 years the workers have taken the initiative in putting out dozens of fires and have promptly uncovered and stopped hundreds of thefts of socialist property and safeguarded all kinds of cargo, machinery, and facilities at the port. The self-defense forces have also many times coordinated closely with the other units in capturing counterrevolutionaries who intended to steal facilities to flee by sea, and have pursued and captured people fleeing abroad and recovered for the state many important documents and much property.

The port of Da Nang is one of the largest economic trade in our country and is a transshipment point between north and south and between Vietnam and Laos. It has an area of more than 30 hectares of warehouses and storage yards. They are not fenced and are more than 10 kilometers. Cargo must be transported by river past many markets and highly populated areas, so many difficulties are encountered in protecting cargo and maintaining security and order. What activities have the self-defense forces of the port of Da Nang organized to protect property? In addition to the specialized protection forces the port board of directors has organized a self-defense unit with 80 comrades who are equipped with weapons and the necessary facilities and are well trained in preventing and fighting fires and in discovering, pursuing, ambushing, and capturing crooks. A platoon of those forces lives together and has the mission of guarding and defending the warehouses and the important areas. The rest of the, who remain in the departments and the stevedoring and transportation units both participate in labor and serve as the hard core in defending their production base. The unit takes turns with the specialized forces in patrolling, guarding, and protecting security and order in the area.

Not long ago, around midnight Nguyen Van Do and some sailors were taking cargo from the Son Tra peninsula to the Han River port. Eleven thieves in motorboats caught up with them and jumped aboard the barges, intending to steal 180 cases of canned fish and meat. although caught by surprise the sailors bravely resisted the gang, while informing the protection forces on the shore so that they could surround and capture them. Although Nguyen Thi My had been one of the self-defense control personnel at the Han River port only a few years she knew the faces and names of the workers at the port and discovered dozens of instances of bad people mixing in with the workers to engage in illegal activities. Many times bad elements threatened to beat her up in deserted places but she continued to stalwartly rely on the collective and fulfilled her missions well. Comrade Nguyen Van Long when protecting the port of Tien Sa discovered a truck taking oil and valuable goods from the port so that they could be sold. He stood in the middle of the road and signalled for the truck to halt, but the driver deliberately stepped

on the gas and the vehicle sped ahead. Not fearing difficulty, Long slung his weapon over his shoulder and took a bicycle via a shortcut, caught up with the truck, and arrested the driver who acted illegally.

It may be said that nearly all of the workers and self-defense forces there act intelligently and bravely when they encounter suspicious activities. Their fine actions arise from consciousness of collective mastership of the working class, which the party committee and board of directors of the port have continually educated, organized, and led during the past 10 years.

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CSO: 4209/447

MILITARY AFFAIRS AND PUBLIC SECURITY

IMPORTANCE OF FOOD PRODUCTION BY ARMY UNITS EMPHASIZED

Hanoi QUAN DOI NHAN DAN in Vietnamese 14 May 85 p 3

[Article: "Food Production By Army Units"]

[Text] Editor's Note: Food production is a mission of the army units that is intended to reduce the difficulties of the state and army, stabilize living conditions, and contribute to fulfilling the combat, combat readiness, and work missions. In order to clearly understand the production situation in the units a QUAN DOI NHAN DAN correspondent interviewed Sen Col Nguyen Van Lan, had of the Production Department of the Rear Services General Department.

Question: What have been the principal accomplishments of food production by the units during the recent period?

Answer: In recent years the units throughout the army have paid much attention to and made many all-out efforts in organizing food production in order to contribute to stabilizing the living conditions of the troops. Many units of Military Region 3, corps 2 and 4, the air-defense armed forces branch, Front 479, and military regions 1, 2, 4, and 5 have attained many results. Especially, since 1983 the organization of production has become increasingly stable. The production scales of the units are more varied. All units, from the company strongpoints to the military regions and corps, have created models that are appropriate to the specific circumstances and are adapted to the combat and combat readiness missions. With two production modes, concentrated and dispersed, the units have created capability to highly mobilize mutual assistance. Dispersed, miscellaneous production can provide fresh food on the spot. Concentrated production on medium and small scales create sources of commodity food and at the same time are important rear services bases which not only supply products to the units but are also a reserve source of fresh food when difficulties are encountered during the interseasonal periods. Many units have built installations for processing refined sugar, producing alcohol, processing animal feed, and processing dipping sauce and dried food. Despite shortages of materials and fuel, the plan norms regarding a number of principal products were attained and increased by 14,3 to 17 percent over the plan for the first period.

In 1983, 1984, and the first part of 1985 the armed forces began to create capabilities and the extremely important initial factors of effectively using

the sources of capital to build on-the-spot rear services bases for each echelon, area, and district. A system of stations, farms, concentrated production points, and state farms at the front echelon is being perfected so that it can be brought into production.

Many units are building on-the-spot rear services bases. In addition to creating products, and building and restoring the material-technical bases there is the task of consolidating the organizational system of the production sector at the basic unit level, which although not yet complete has created a corps of command cadres and technical cadres. The units' awareness has undergone a correct transformation and attention has been centered on efforts to create on-the-spot sources of fresh food. Those results are very encouraging but many units could attain better results in promoting production if they could overcome the hangups and limitations which are creating difficulties for production.

Question: In actuality, in the past and at present what factors have exerted a bad influence on the results of the units' production?

Answer: The reason why the results of our production have been limited is that are that some units do not yet have correct understanding of the production missions and do not clearly realize the position of people's on-the-spot rear services in war to defend the homeland, so they do not yet pay attention to building on-the-spot rear service bases, principally to produce food, and do not take full advantage of the local transportation facilities of the localities in which the troops are stationed. They do not yet fully understand the objective nature of the economic laws in order to, on that basis, apply the economic laws to the organization of production by the army, especially a rational price policy. In some respects the management is still lax and arbitrary, which causes a lack of confidence on the part of the cadres and men, especially those engaged directly in labor.

The organization of guidance is not yet sufficiently strong, the cadres and men of the production sector have not explained the impediments to the command and leadership cadres, so production has not developed uniformly, productivity is low, and products brought into the service of life are still limited. The corps of sector cadres has not been continually cultivated in order to raise the level of management and organization and it is not yet sufficiently strong to carry out the policy of the Party in the production and economic construction missions. During the past 4 years the weather has been extremely difficult and severe: cold, drought, heat, flooding, storms, insects and diseases. Furthermore, the over-all management mechanism of the state has not been unified and there are irrational points at a time when the nation's economy and society are in the first part of the initial phase of the period of transition, so the effect on the development of production and the lives of cadres, workers, and troops has been very great. That is not to mention the fact that cooperation between the production sector and the other sectors is not close and a number of organs directly related to the organization of production have not yet taken specific steps to help the production mission develop favorably.

Question: What problems must be resolved so that the units can victoriously fulfill the norms of the production plans for 1985 and future years ?

Answer: Actual production by the army is a process of fierce struggle, not only against severe weather, infertile soil, and remote areas but also against distorted consciousness. It is also a process of all-round leadership and guidance, knowing how to concentrate on the key matters, and flexibly combining the two strategic missions--economic and national defense--by means of appropriate forms and measures.

In order to do a better job of ensuring living conditions and, in the immediate future, the daily diet of the troops it is necessary first of all to have correct consciousness. It is necessary to end such incorrect attitudes as thinking that the troops need produce only a small amount and that the state will provide what they need, while the only function of troops is fighting. The unit command echelons must correctly resolve the relationship between production and combat readiness, and have appropriate measures for effectively organizing production. In order to encourage troops to produce it is necessary to clearly determine the amount of capital to be invested in units to promote production. At the same time, it is necessary to strengthen the legal nature of that task and codify regulations regarding the providing of such production means as land to the troops, the supplying of such materials as fertilizer, insecticides, fuel, and tools, circulation and distribution, regulations and policies, appropriate prices, etc.

The specialized organs of the state sectors have recently created conditions for ensuring balance in fulfilling army productions plans, but the level of investment must be more appropriate.

It is very necessary to give priority to the units with regard to production conditions, such as assistance in building and the supplying of seeds, livestock, animal feed, etc., by means of specific, practical measures and tasks.

During the 1986-1990 plan years, with the existing production labor and the building and restoration of production means, if there is centralized, concentrated guidance and if the state is concerned with making investments according to requirements, in addition to incentive policies and rational prices in order to supplement the army with such foodstuffs as meat, fish, vegetables and legumes, dipping sauce, firewood, etc., it is certain that the units will rapidly promote the development of production and meet part of the troops' daily needs.

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MILITARY AFFAIRS AND PUBLIC SECURITY

ARTICLE ON SMUGGLING IN DRAFT LEGAL CODE DISCUSSED

Hanoi NGOAI THUONG in Vietnamese No 1, Jan 85 pp 13-15, 23

[Article by Nguyen Duc Thinh: "Some Thoughts on the Article Regarding the 'Crime of Smuggling and Illegally Transporting Goods Across the Border' in the Draft Criminal Offenses Section of the Criminal Code in Our Country"]

[Text] The draft of the "Criminal Offenses" section of the Criminal Code was given preliminary approval by the National Assembly during its 29 June 1984 session.

In order to continue to perfect the "Criminal Offenses Section" to present to the National Assembly for official approval, on 1 November 1984 the Secretariat of the Party Central Committee issued a directive on publishing and soliciting the opinions of people on the "Criminal Offenses Section" of the Criminal Code.

The publication of the draft "Criminal Offenses Section" of the Criminal Code is intended to elicit the opinions of the cadres and people and affords a good opportunity to teach the entire Party, population, and army to have consciousness of law, enable everyone to understand what a criminal offense is and the necessity to punish criminal acts, create a high degree of unanimity between the state and the people regarding the observance and strict enforcement of the law, and struggle against, prevent, and oppose crimes and ensure that social and economic management are carried out in accordance with the law.

We have below presented a number of thoughts regarding the statute on "Smuggling and Illegally Transporting Goods Across the Border." Article 97 of the draft "Criminal Offenses Section" of the Criminal Code is directly related to the management of export-import activities by our sector.

I. The process of drafting the statute on "Smuggling and Illegally Transporting Goods Across the Border."

The April 1982 draft of the Criminal Code, Article 20 (of the Criminal Offenses Section) includes only "the crime of smuggling" and not the concept "illegally transporting goods across the border."

On 30 June 1982 the state promulgated the "Law To Punish the Crimes of Speculation, Smuggling, Producing Bogus Goods, and Engaging in Illegal Commerce." Article 4 of the Statute dealt with "The crime of smuggling or illegally transporting goods across the border." In that spirit, Article 99 of the draft "Criminal Offenses Section" of the June 1982 Criminal Code is concerned with:

"The crime of smuggling or illegally transporting goods across the border," with the following assumptions and provisions:

1. Anyone dealing in or illegally transporting across the border merchandise other valuable materials will receive punishments of 1 year to 7 years.

2. Crimes in one of the following categories will be punished with 5 years to 15 years.

- a. If they are organized.
- b. Goods the export or import of which is forbidden.
- c. Goods with large volume or high value which bring about a large illegal profit.
- d. Taking advantage of natural disasters or war.
- e. Taking advantage of position or authority, or taking advantage of the name of a state organ or social organization.
- f. Acts against personnel performing their duty.
- g. Crimes of a professional nature or a dangerous repeat offense.

3. If the crime is especially serious the punishment is 12 to 20 years in prison, life in prison, or execution.

Many opinions were contributed during the discussions about article 99:

--Does Article 99 deal with one crime or two crimes?

--If there are two different crimes, the supposition part of the article should be amended to read "Anyone illegally dealing in," if the meaning is to be clear.

--Furthermore, it is necessary to specifically stipulate the objects of the crime of smuggling and illegally transporting goods across the border, and why was the only criminal punishment applied, without accompanying it with economic punishment (monetary fines, the confiscation of all or part of the property), etc.

On the basis of those opinions, following the draft "Criminal Offenses Section" of June 1983, the "Criminal Offenses Section" of June 1984 was given preliminary approval by the National Assembly during its seventh session on 29 June 1984. The article stipulating "the crime of smuggling and illegally transporting goods across the border" (Article 97) is as follows:

1. Anyone who illegally deals in, or illegally transports across the border, merchandise, foreign exchange, precious metals, precious stones, or historical

relics will be fined a sum five times the value of the illegal goods, or receive 3 years parole, or be sentenced to between 1 and 7 years.

2. Crimes in one of the following categories will result in fines of 10 times the value of the contraband or sentences of 5 to 10 years:

- a. Organized crimes.
- b. Contraband in large volume or of high value resulting in large illegal profits.
- c. Taking advantage of natural disasters or war.
- d. Abusing position, authority, or the name of a state organ or social organization.
- e. Crimes of a professional nature or a dangerous repeat offense.

3. People who commit especially serious crimes will be sentenced to between 12 and 20 years in prison or executed.

II. The concept of cross-border smuggling. The difference between smuggling and illegally transporting goods across the border.

A. The concept of cross-border smuggling.

According to the criminal law of the Soviet Union, the concept of smuggling was stipulated in Article 164 of the Customs Code of the Soviet Union as follows:

1. All goods (merchandise, valuable materials, and all other objects) which are brought into the territory of the Soviet Union from the outside by bypassing the customs organ, or which are hidden from inspection by customs or by means of all other evasive actions.

2. The concealing or illegal transportation of goods across the border.

3. The selling of goods not intended for consumption but which were exempted from taxes, or subjected to lower taxes, when imported.

The law also regards as acts of smuggling all other acts relevant to the concealing or illegal transporting of foreign goods.

Article 100 of the 1964 Customs Law of the USSR stipulated that a smuggler is a person who:

a. Illegally transports across the borders of the Soviet state goods (merchandise, money, and other items), i.e. who transports them across the border at places where there are no customs organs, or violates the requirements and stipulations of the Customs Law, or evades customs inspections, as well as the concealing, transporting, and buying and selling of all kinds of goods on the territory of the Soviet Union.

b. The illegal buying and selling of merchandise and precious goods (valuable property, etc.) and other items which are imported from abroad, harboring

such items brought in from abroad, receiving goods via international post, or exchanging or dealing in such valuable goods or items.

c. Possessing more goods than needed for individual consumption according to ordinary standards or owning such goods without legal receipts.

d. Importing or receiving goods from abroad, even though permission has been received to import or receive such goods, and even though taxes have been paid, if the importing or receiving of such goods is related to the exporting, importing, transporting, or illegal sending of money or valuable goods abroad.

e. The illegal exporting, importing, transporting, sending abroad or bringing in from abroad money or precious goods.

f. The deliberate, premeditated committing, in any form, of the violations recorded in this article.

Article 102 stipulates smuggling acts of a criminal nature.

Illegally transporting goods, money, or precious goods across the border of the Soviet state by concealing them in especially secretive places, by using false documents to deceive customs, or smuggling on a large scale, by means of organized smuggling rings or taking advantage of the status of cadres on official business to smuggle or illegally transport across the border of the Soviet state explosives, weapons, or military equipment.

All such criminal smuggling acts are stipulated by Soviet law. They show us that acts of smuggling are very varied and complicated and are in the final analysis are acts forbidden by law.

In our country, laws regarding export-import activities in general and customs laws specifically stipulate, and have increasingly become effective tools in struggling against, acts of smuggling. Those basic stipulations are:

1. Individuals or unauthorized social or state organizations which export or import types of goods the exporting or importing of goods the importing and exporting of which comes under the unified management of the state.

2. All goods which are in the most general sense material and cultural products with commodity value which are taken out of Vietnam or brought into Vietnam without the individual or the social or state organization obeying the stipulations obeying the export-import regulations. For example:

--Not having proper documents (permission from the Ministry of Foreign Trade or of an authorized organ, and the other necessary documents).

--Failing to obey customs regulations, such as not making declarations, evading the control of customs or the port of entry management organ (in places where there are no customs organizations), and not passing through definite ports of entry, or if passing through ports of entry seeking to conceal the contraband.

-- Evading or underpaying taxes.

3. All profit-seeking acts of buying, selling, exchanging, harboring, and transporting intended by any individual or social or state organization that seek to export or import goods across the border without following the legal stipulations.

Thus the concept of smuggling, as we understand it in the most general way, is illegal commerce across the border. But the concept "across the border" is also quite complicated. We have presented the two examples below for consideration:

a. Mrs. A was a person who specialized in the international hotels to sell forbidden goods to, or exchange them with, foreigners. When she was arrested there was one opinion that she had committed the crime of selling contraband in the interior, not by crossing the border. There was another opinion that she was guilty of cross-border smuggling because although her actions took place and concluded in the interior, it was a case of illegally selling goods to or exchanging goods with foreigners so that those goods could be illegally exported across the border.

b. Mrs. N. specialized in smuggling gold from the northern mountain region across the Vietnam, Laos, and Cambodia borders. When she was arrested there was an opinion that she had committed the crime of cross-border smuggling and another opinion that she had committed the crime of smuggling contraband.

B. The crime of cross-border smuggling and the crime of illegally transporting goods across the border.

Throughout the process of drafting the article on "Smuggling and illegally transporting goods across the border" there was a debate on whether there was one crime, or two crimes, involved.

The opinion that the article stipulated only one crime arose from the viewpoint that when referring to smuggling it is essential that there be the illegal transporting of goods across the border, as the above concept of smuggling pointed out. Furthermore, the law drafters based themselves on one article and in fact only saw the commission of the crime of smuggling.

Now the law drafters agree that Article 97 stipulates two different crimes: the crime of cross-border smuggling and the crime of illegally transporting goods across the border. Here we must distinguish between that article and ordinary articles which deal with only one crime, but there are some articles which stipulate two or even more laws.

Distinguishing between one crime and another cannot be based only on the acts of the criminals, even though such acts are regarded as the compulsory legal evidence for charging one with a crime.

In criminal legal science, one crime is distinguished from another on the basis of four factors of the composition of the crime: the object, the

subject, the objective, and the subjective. There may be elements of the criminal composition of one crime which are similar to those of another crime, or many terms which are identical or nearly identical, but there is always at least one element of the criminal compositions between two offenses or among many offenses.

On the basis of the factors of the criminal composition we can distinguish between the crime of cross-border smuggling and the crime of illegally transporting goods across the border:

Objectively, the crime of cross-border smuggling and the crime of illegally transporting goods across the border share a common objective form (they are of the same type), that of "national security, and are both in the chapter dealing with violations of national security. The direct object of the crime of smuggling across the border is the commodity trading relationship between on the basis of the principle of monopoly in foreign trade and all economic relations with foreign countries. The direct object of the crime of illegally transporting goods across the border is the management relations stipulated by the state with regard to export-import procedures by citizens or social or state organizations in transporting such goods across the border.

Subjectively: the objective of the act of cross-border smuggling is the goal of making a profit, while the act of illegally transporting goods across the border does not have a commercial goal (but are gifts for personal use).

Therefore, that subjective aspect is a characteristic factor for distinguishing between smuggling across the border and the illegal transporting of goods across the border.

III. A number of legal problems that are posed and must be resolved after the article on "Smuggling and Illegally Transporting Goods Across the Border" officially takes effect.

The Ministry of Foreign Trade, the functional management-administration organ of the state with regard to foreign trade, must rapidly draft and submit to the Council of Ministers for promulgation, regulations on the state management-administration functions and missions of the Ministry of Foreign Trade.

It must draft and present to the Council of Ministers for promulgation regulations about the buying, selling, and exchange of goods in the border regions between Vietnam and Laos and between Vietnam and Cambodia; review the regulations, management organizations, and foreign trade commercial organizations in the sphere of the sector and on a territorial basis, so that they can be appropriate to the foreign trade work in the new situation; and systematize foreign trade laws on the basis drafting and submitting to the National Assembly for promulgation foreign trade laws, laws regarding foreign trade contracts, laws regarding exporting and importing, etc.

Furthermore, the customs sector must quickly draft and submit to the state for promulgation Vietnam Customs Laws to replace the Customs Statutes promulgated by the Council of Ministers to accompany Decree 3/CP, dated 27 February 1960.

The above are some initial thoughts. By means of this article we hope to receive many opinions about this matter in order to contribute to drafting our state's Criminal Code and to the legal requirements that must be posed after the Criminal Code is promulgated, and to contribute to the struggle against smuggling and illegally transporting goods across the border.

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CSO: 4209/405

MILITARY AFFAIRS AND PUBLIC SECURITY

RAILROAD POLICEMEN CAPTURE THIEVES

Hanoi NHAN DAN in Vietnamese 18 Apr 85 p 4

[Article: "Three Brave Railroad Policemen"]

[Text] The railroad police team of Vu Tat Binh, Nguyen Duy Lanh, and Dinh Lenh Khuyen has just achieved the outstanding accomplishment of capturing an entire gang of thieves.

At 0200 on 16 April 1985 train Y76 was running from Yen Bai to Dong Anh, Co Loa, and Yen Vien. A gang lying in ambush along the route jumped aboard car No 4 and used weapons to rob two people of their backpacks.

With the assistance of passengers aboard the train, Vu Tat Binh, Nguyen Duy Lanh, and Dinh Lenh Khuyen arrived at the right time and broke up the robbery. Some of the thieves resisted and were knocked down. One obstinately used a weapon to resist the police and was wounded.

The two were Nguyen Khac Ha, i.e. Ha Nhu, from Ai Mo hamlet, Yen Vien village, Gia Lam District (Hanoi). Ha was a professional thief who had three times escaped from jail, had participated in many train robberies, and was being sought. Nguyen Van Truong, from Tinh Quan hamlet, Giang Bien village, Gia Lam District, was also a dangerous hooligan.

Vu Tat Binh, Nguyen Duy Lanh, and Dinh Lenh Khuyen are party members and members of the Ho Chi Minh Communist Youth Union. During the recent period they have achieved many accomplishments and, along with their fellow unit members, resolutely punished the thugs and criminals who cause trouble on trains. The Central Committee of the Ho Chi Minh Communist Youth Union present Nguyen Duy Lanh with a letter of commendation for his accomplishments in opposing negativism.

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CSO: 4209/408

MILITARY AFFAIRS AND PUBLIC SECURITY

BRIEFS

HANOI POLICEMEN CAPTURE THIEVES--On the night of 22 April 1985 two people were riding a motorbicycle near the Red River Dike when the motorbicycle broke down and they stopped to repair it. Taking advantage of the darkness and the deserted road, some hooligans using knives and guns forcibly took their property. At midnight, when they received news of the incident all cadres and men of the public security unit of Bach Dang subward in Hai Ba Trung Ward, Hanoi immediately set out after them. With the all-out assistance of the people, after several hours, thanks to their professional skill, resourcefulness, and courage public security policemen of Bach Dang Subward captured all three members of the gang and confiscated two pistols, four hand grenades, 57 bullets, two daggers, and all property they had stolen. The three were Nguyen Huu Loc, Nguyen Thanh Thuy (alias Minh C) and Nguyen Van Minh, all of whom had prior arrests and connections and had just been released from jail and were unwilling to earn honest living. They all lived in Chuong Duong Subward, Hoan Kiem Ward, Hanoi. The people in the subward praised the public security policemen for their sense of responsibility, devotion to duty, and courage. [Text] [Hanoi NHAN DAN in Vietnamese 29 Apr 85 p 4] 5616

DISORDER, THEFTS ON BUS ROUTE REPORTED--Anyone who has traveled on a bus on the Ba Hang Doi-Cho Ben route has observed phenomena concerning a number of youths whose origins and occupations are uncertain. Some wear military uniforms and some wear caps with military insignia (perhaps they are people pretending to be troops travelling without luggage). When a bus arrives they often stop it then climb up and crowd around the doors, which causes difficulties for the drivers' assistants and passengers. Some of them climb onto the roof while the bus in motion to steal cargo. When they come across something edible (such as sugarcane, cakes and candy, etc.) on the roof they eat it immediately. The others pick the passengers' pockets. They threaten to beat up anyone who discovers what they are doing and protests. The attendants on the buses and the passengers admit that such things happen but no positive steps have been taken to stop them. In order to maintain security for the passengers the responsible and authorized units promptly take steps to investigate and strictly deal with people who pretend to be troops and do bad things on the Ba Hang Doi-Cho Ben route in Ha Son Binh. [Text] [Hanoi QUAN DOI NHAN DAN in Vietnamese 7 May 85 p 3] 5616

CSO: 4209/447

INTERNATIONAL RELATIONS, TRADE AND AID

SHRIMP CALLED MAJOR SOURCE OF EXPORTS FOR MINH HAI

Hanoi NHAN DAN in Vietnamese 29 Apr 85 p 3

[Article by Huu Van: "Shrimp -- A Major Source of Exports"]

[Text] The favorable natural conditions of the mainland in the southernmost part of the homeland has created for Minh Hai the best aquatic products potential in the nation. Among the aquatic products resources shrimp are the production object with the highest priority. In 1981 the aquatic products export index was only 2,215,000 dollars but by 1984 it had risen to 12 million dollars, of which frozen shrimp accounted for 80 to 90 percent.

There are very rich sources of shrimp all along its 307 kilometers of coastline, in its thick network of rivers and canals and in its mangrove swamps and cajuput forests. Shrimp reproduce the year round and grow rapidly in saline, brackish, and fresh water. Shrimp account for 20 to 25 percent of the aquatic products output. The record output was attained in 1977: 20,000 tons of shrimp. In 1980 output fell to 10,125 tons. In 1981 there was again an increase. In 1984 the output amounted to 17,000 tons. Noteworthy is the fact that the output of ocean shrimp declined from 15,500 tons in 1976 to 8,500 tons. Meanwhile cultured shrimp, which prior to 1981 amounted to only 6 to 7 percent of the total, increased to 27.1 percent of the ocean shrimp output in 1982 and to 58.8 percent in 1984.

Shrimp raising has become a broad movement with many rich forms: forest-shrimp, rice-shrimp, salt-shrimp, and coconut-shrimp. The state, collective, and family economic sectors have been encouraged to raise them. Of the 32,500 hectares now being used to raise shrimp, 21,500 are managed by the state sector, cooperatives, and aquatic products production collectives, while the organs and organizations raise shrimp on 4,000 hectares and individual production is carried out on 7,500 hectares. The combined fishing-forestry area amounts to 21,000 hectares, the specialized shrimp-raising area amounts to 3,500 hectares, the combined fishing-agricultural area amounts to 1,300 hectares, 1,700 hectares of wasteland alum soil are used to raise shrimp, and 5,000 hectares of land are used for one salt season and one shrimp season. Although aquatic product raising is still extensive in nature, not intensive, the average yield is 250 to 275 kilograms per hectare per year, including 170

to 175 kilograms of shrimp. Combined fishing-forestry production brings about combined results: the shrimp live in an ideal environment and the mangrove and cajuput forests are better protected.

Progress has been made in state purchasing. In 1984 the province bought the greatest amount ever: 10,400 tons of fresh shrimp. But storage and processing have not kept pace. Much of the shrimp must be taken 300 or 400 kilometers for processing, so the loss rate is high, the products deteriorate in quality, and the value of exports is reduced. That is a key problem which must be resolved in order to attain high effectiveness. The experimental models of the Nam Can (Ngoc Hien District) and Song Doc (Tran Van Thoi District) joint operations have created new prospects for attaining high quality in shrimp processing and for enabling the Minh Hai aquatic products sector to develop strongly so that it can live up to its great potential.

5616

CSO: 4209/436

INTERNATIONAL RELATIONS, TRADE AND AID

BRIEFS

SOVIETS PARTICIPATE IN LABOR DAY FESTIVITIES--Tens of thousands of cadres, workers, and people and large numbers of Soviet specialists working in Vung Tau participated in a socialist labor day to commemorate the 115th anniversary of the birth of Lenin and the 10th anniversary of the complete liberation of the south. The Oil and Gas Construction Corporation is accelerating the construction rate of a five-story apartment building for oil and gas workers and cadres. At that site 450 cadres of the Special Zone, Soviet specialists, and workers of the corporation transported bricks and rock, built a crane track, built a day-care center for the children of specialists which bore the name "30 April Project," etc. In the production units, the workers volunteered to work overtime and accepted additional work on the socialist labor day. The cadres and workers of the maritime supply corporation unloaded 90 cubic meters of cargo, more than on an average day. [Text] [Hanoi NHAN DAN in Vietnamese 19 Apr 85 p 1] 5616

CSO: 4209/408

PARTY ACTIVITIES AND GOVERNMENT

ALGERIAN PAPER INTERVIEWS SRV FOREIGN MINISTER

PM071409 Algiers EL MOUDJAHID in French 29 May 85 p 8

[Unattributed interview with Vietnamese Foreign Minister Nguyen Co Thach in Hanoi--date not given]

[Text] Question: Sir, 10 years ago the National Liberation Front fighters achieved one of the most important objectives assigned to the Vietnamese Revolution, namely the reunification of the north and south of the country.

Can you tell us briefly what has been done since then with regard to rebuilding?

[Nguyen Co Thach] First, allow me to address the Algerian party and state officials and the friendly Algerian people and convey to them, on behalf of the Vietnamese people and leaders our warm [apparent line drop] in the task of building.

To return to your question, I will say that Vietnam experienced 30 years of successive wars. That is a long time. And 10 years is not enough to rebuild what was destroyed by French colonialism, and American imperialism, and by the Japanese occupation in World War II. It will take another 10 or 15 years to succeed in implementing major projects capable of improving the situation in the economic and social spheres.

For the time being, the only resources which form the bases of economic development in the SRV are agriculture, fishing, and the processing industries. However, we have not lost sight of the importance which should be attached to mineral resources underground and under the sea. For instance, thanks to the Soviet Union's technical aid, oil prospecting was carried out on deposits off the Vietnamese coasts. The first drillings gave satisfactory results, and it is likely that the exploitation of these reserves will be started at the end of this year.

Question: What is the SRV's place and role in the nonaligned movement?

[Nguyen Co Thach] Vietnam has helped strengthen the nonaligned movement, especially since the Algiers Conference which was held in 1973. Since that date our country has played an active role within that organization. We think that nonalignment means peace in the world and independence for struggling

peoples. However, I would like to point out that this movement is facing disagreements among some member countries. For instance this is true of Iraq and Iran, which have been at war for several years. It is a war which does not serve the interests of the region's peoples or those of the nonaligned countries. The movement's member states should act accordingly to smooth out the disagreements which, unfortunately, have helped undermine the role of this organization which celebrated the 30th anniversary of its creation in Bandung a few days ago.

Question: There has been a considerable development in Algerian-Vietnamese relations in recent years. What do you think of this?

[Nguyen Co Thach] That is quite true. I must first stress that relations between our two countries are long-standing. In fact they go back to the start of the Algerian Revolution. Immediately after that our government officially recognized the FLN. There is no need to recall the aid and support given by the Vietnamese people and leaders to this just and noble cause which helped liberate Africa from the colonial yoke. And what is important to note is that the Vietnamese and Algerian peoples had a common enemy.

Some 20 years after the Dien Bien Phu victory, when our country was still at war in the south, we received--in March 1974--a visit from the president of the Algerian republic. It was a visit whose true worth was appreciated by our people and which helped give new dynamism to bilateral relations. On that occasion the Algerian authorities gave us important material aid intended to establish social and educational projects including two secondary schools.

This cooperation is being increasingly strengthened in the two peoples' mutual interest. In this connection there are agreements between Vietnam and Algeria in several spheres, especially health care, water resources, education and culture.

Question: What is Vietnam's position on the West Sahara question?

[Nguyen Co Thach] The SRV is in favor of self-determination for the Saharan people in accordance with the OAU and UN resolutions. It is a question of the decolonization of a territory previously occupied by Spain. Moreover our country officially recognized the SDAR in 1979.

What is the solution? Direct negotiations between the Polisario and Morocco to finally settle this conflict which has been going on for 12 years, and which in no way serves the interests of the peoples in this region of northwest Africa, but serves imperialism's interests. This is the wish of the Vietnamese but also of all peoples who live peace and justice.

This is all I have to say on the subject. There is no need to remind you that our Algerian friends will always be welcome in Vietnam.

PARTY ACTIVITIES AND GOVERNMENT

BRIEFS

2300 NEW PARTY MEMBERS ADMITTED--In carrying out the "The Entire Youth Union Participates in Party Building" campaign, during the past year the Youth Union chapters in Hanoi introduced to the basic level party organizations 10,261 outstanding party members, 2,328 of whom were admitted into the Party. They accounted for 53 percent of the total number of new party members. Nearly all of the Youth Union chapters organized "Looking Toward the Party" conferences for the youth union members and organized study of the glorious tradition and history of the Party and the combative example set by party members. The Youth Union organizations drafted revolutionary action programs in which more than 100,000 Youth Union members at schools and construction sites accepted the construction of more than 200 projects, the production of products, and the carrying out of scientific research projects. More than 500 Youth Union members participated in youth scientific-technical fairs held at the basic level. [Text] [Hanoi NHAN DAN in Vietnamese 16 Apr 85 p 3] 5616

CSO: 4209/408

ECONOMIC PLANNING, TRADE AND FINANCE

HAI PHONG ELIMINATES SUBSIDY MECHANISM IN HOUSING MANAGEMENT

Hanoi NHAN DAN in Vietnamese 16 Mar 85 p 2

[Article by Minh Son: "Hai Phong Eliminates Subsidy Mechanism in Housing Management, Adjusts Housing Rents, and Recovers Improperly Used Housing; State Budget Will Not Make Up for Repair Deficits"]

[Text] According to investigatory data in Hong Bang, Ngo Quyen, and Le Chan wards and in the towns and cities of Kien An, Do Son, and Quan Toan, the municipality of Hai Phong has nearly 3.9 million square meters of housing.

The housing area is not large and over a period of many years management and distribution have been heavily subsidized in nature, which has led to a "tense" housing situation. Some families have relatively spacious housing but thousands of families are homeless or are overcrowded. Housing rents, which have not changed in nearly 30 years, range from .15 to .85 dong per square meter, while the value of construction materials has increased by an average of 10 to 15 times. Comrade Nguyen Anh De, director of the Housing and Construction Bureau of the municipality of Hai Phong said that it now costs at least 6,000 or 7,000 dong to build a square meter of housing. Every year the real estate sector takes in only enough money to pay the salaries of cadres and workers in the sector, so buildings have deteriorated and have not been repaired quickly and well. Sixty-six percent of the houses have been downgraded to class 3, 4, or 5, and 69 percent of the buildings require immediate repairs. Another irrationality is that housing rents are practically the same for all categories, organs, production and commercial enterprises, and administrative organs. People renting buildings to open stores, restaurants, etc., may earn big profits every month but only have to pay a few dong or a few dozen dong in rent. That is not to mention the rent of housing far from the center being the same as close-in housing, and rent in convenient places being the same as in difficult places.

Such low, equalized rents have caused many organs, enterprises, cooperatives, etc., not to calculate effectiveness in the use of space, or even not to be concerned with repairs. One organ rented a building with 2,000 square meters but only a small number of cadres work there permanently. Most of the time the building is closed. A number of organs and enterprises arbitrarily exchange buildings or use them for purposes other than those agreed to in contracts.

In order to renovate housing management, under the guidance of the municipal party committee and the municipal people's committee, the Hai Phong real estate sector during the past several years has gradually eliminated the subsidized management mechanism. While awaiting new state policies Hai Phong has adjusted building rents in accordance with the principle of rents for offices of administrative and professional organs being less than those for commercial establishments. Places which do little business pay less than places which do much business. Specifically, the monthly rent for a square meter of office space varies from 6 to 30 dong; for places of production it varies from 10 to 40 dong, and for commercial establishments it varies from 10 to 50 dong. The housing rents of cadres, workers, civil servants, and workers remain the same. The adjustment of rents has the approval of the true cadres, workers, and laborers. But there has been considerable confusion and opposition by the other categories. The municipality has guided the sectors and echelons, especially the subward echelon, in cooperating closely with the real estate sector in order to carry out that policy well. After a period of renovating its managerial methods Hai Phong has attained positive results in distributing, using and repairing housing. Many organs, enterprises, cooperatives, and commercial corporations have recalculated the amount of space they need to rent in order to rent the minimum amount of space needed for work, production, or business, and have returned the remaining space to the real estate sector. In the initial phase, more than 5,000 square meters have been returned. In the past, some recreation and tourist areas were used only about one month out of the year but still required people to look after and maintain them. Today those housing areas are gradually being rented out. The rent money from them, amounting to tens of millions of dong, have been used to repair the houses and improve the landscaping. In the past the real estate sector's maximum income was 3.5 million dong, but now it is 10 times greater and thus there are fewer difficulties for the state budget. In the past, every year it invested only 2.5 million dong in repairing houses, but it now spends 25 million dong. More than 5,000 square meters of housing have been repaired. A number of organs have invested their own funds in building additional stories and repairing buildings to make them more spacious and attractive.

Another important effect is that because they have to rent buildings at the new rates hundreds of private merchants have changed over to production or services. The Hai Phong real estate sector is calculating appropriate rents which will differentiate between convenient places and inconvenient places and between within the standard area assigned to cadres, workers, and civil servants and housing with additional square meters of space. The municipality is also making a general survey of housing in order to evaluate the actual situation regarding quantity, quality, and utilization. The survey has revealed 6,000 instances of hundreds of thousands of square meters being used contrary to the current housing management stipulations, such as illegal occupation or subrenting without going through the management organ. The method of dealing with such instances is relatively proper. On the basis of the specific circumstances, if the families of genuine cadres, workers, and laborers truly do not have housing and must rent housing by "paying commissions," they are fined for minor violations and then a new contract is made out; the maximum fine is 150 dong per square meter. Families of cadres, workers, disabled veterans, and war dead which have merit toward the

revolution receive reductions of 10 to 30 percent in fines. People who engage in illegal livelihoods or take over additional housing or deal in housing are either assessed a per-meter fine equivalent to the present construction cost (at negotiated prices) or the housing is recovered to be distributed to others with pressing needs. People who deliberately commit violations are prosecuted according to law.

In order to get housing management onto the right track, the Hai Phong Housing Corporation has streamlined the management apparatus in the organs, provided additional cadres and personnel for the subwards, and worked with the subwards in meeting the needs of renters on the spot. The corporation has instituted product contracting and salary fund contracting to encourage and motivate cadres and personnel to demonstrate a sense of responsibility toward housing management.

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CSO: 4209/408

ECONOMIC PLANNING, TRADE AND FINANCE

COMBINING SCIENTIFIC-TECHNICAL ACTIVITIES URGED

Hanoi NHAN DAN in Vietnamese 18 Apr 85 pp 1, 4

[Editorial: "Scientific-Technical Activities Tied In With Economic Activities in the Localities"]

[Text] Our country, the length of which extends over 15 degrees parallel, has varied and rich climatic, land, water, and mineral resources. Our people in all areas and localities have long-lived cultivation customs and traditional handicraft trades, and are developing new sectors and trades on the basis of exploiting the on-the-spot sources of raw materials and materials, expanding alliances and joint operations, and increasing exports and imports.

In order to exploit all latent and existing capabilities of each locality and base, and bring into play the combined strength of the socialist collective mastership system, our Party has set forth the line of correctly combining economic construction at the central level with the strong development of the local economy in a unified national economic structure, implementing joint mastership by the three echelons, and expanding the initiative and creativity of the localities and bases.

Implementing that correct line, many provinces, municipalities, and districts have strengthened their self-reliant will and sought ways to work creatively on the basis of correctly determining rational economic structures, gradually reorganizing production and renovating the economic management mechanism and scientific-technical management, and tying in economic activities with scientific-technical activities.

Many localities have been prompt in applying scientific accomplishments and technical advances to production, especially agricultural production, fishing, and the production of consumer and export goods, and have effectively developed local sources of fertilizer, raw materials, materials, and fuel.

The scientific-technical advances, along with the results of basic research studies, have begun to form a basis for economic-social development plans by the provinces, municipalities and districts.

The scientific-technical work in many localities has made new advances in drafting and implementing scientific-technical programs combined with the key

state programs, and the scientific-technical cadres and material-technical facilities have closely served the economic-social goals. An outstanding feature in some localities has been the application of many flexible forms to rally forces and further scientific-technical activities, such as setting up scientific-technical service corporations, centers for the application of technical advances, and scientific-technical councils at all levels, implementing economic contracts in research and development, etc.

The system of local-level technical stations and farms and experimental research installations is being consolidated and gradually changed over to the system of economic accounting (or using income to cover expenditures), and the responsibility and authority of technical cadres and personnel is being tied in with the economic effectiveness brought about for the production bases. A number of localities have boldly applied many forms of rewarding results in research, suggestions and innovations, and the application of advanced technology.

The results that have been attained during the recent period demonstrate that the scientific-technical activities have begun to be tied in with economic-social activities and bring about real results. The unity of those requirements is an objective requirement of the process of renovating economic management while also renovating scientific-technical management and making the improvement of planning the central concern. General Secretary Le Duan pointed out in a speech at the Sixth Plenum (fifth term) of the Party Central Committee that "Plans must be syntheses of meticulously selected economic-scientific-technical draft plans to ensure the rapid introduction of technical advances to the national economy, create conditions, and require all bases and workers to work according to advanced economic and scientific-technical standards and norms." In fact, we have not yet done a good job in that regard. In many central sectors and localities, scientific-technical plans, including plans to maintain and improve the quality of products, are still regarded as separate plans and are usually drafted and approved after the production plans and their implementation conditions are not balanced.

In economic and production-commercial activities the drafting of advanced economic-technical norms is still regarded lightly, the management of product quality and management, and rules and regulations are not yet strict. That has led to much waste and caused harm in many ways, even with regard to industrial production and the creation of the new socialist man.

Production labor activity to produce products to nourish society is a permanent task which takes place daily and hourly by tens of millions of workers in the localities and bases. It is only possible to effectively organize those permanent, extensive activities on truly scientific bases and by carrying them out in a planned, efficient, and disciplined manner, and with appropriate compensation, depending on the results of the labor of each person. Fulfilling those requirements is the principal content of scientific-technical activities, including social science, natural science, and science-technology, in combination with the economic activities of the central sectors as well as the localities and bases.

Each locality can only correctly determine rational economic structures, combine economics with national defense, and draft economic-social development plans on the basis of doing a good job of carrying out basic studies regarding natural resources and its specific natural and economic-social conditions. And only on that basis is it possible to determine and successfully apply scientific-technical advances that are appropriate to the specific conditions of the locality, especially with regard to agricultural production, as well as its ecological conditions and cultivation customs.

Developing the local scientific-technical potential, including the creative capabilities of the broad working masses, taking advantage of all cooperative and alliance capabilities, and carrying out the slogan "the central and local levels and the state and people work together," is the direction for increasing the effectiveness of scientific-technical activities, tied in with economic and production-commercial activities in the localities and bases.

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CSO: 4209/408

ECONOMIC PLANNING, TRADE AND FINANCE

MORE PEOPLE SENT TO DEVELOP NEW ECONOMIC ZONES

Hanoi NHAN DAN in Vietnamese 18 Apr 85 p 1

[Article: "During First 3 Months of Year More Than 74,000 People Sent To Develop New Economic Zones"]

[Text] According to data of the Labor and Population Transfer Organization Department, by the end of March 1985 the localities nationwide had sent 74,798 people, including 35,500 workers, to develop the new economic zones. The localities have strongly changed over to transferring local people in order to fully develop the land in the villages and districts. Of those workers, 27,113 went to develop the collective economic areas, while the rest were sent to state farms and to areas that have already been developed.

Ha Son Binh is a province that has made many efforts to renovate its method of organizing population transfer. Because of close coordination between the sending places and the receiving places the contributions of the popular masses were mobilized and good results were attained. In a period of 3 months, more than 15,000 people were sent, including 7,767 workers, the places to which they were sent were well organized, and seedstocks were prepared in advance. When they arrived at the new area the people urgently built houses while reclaiming land to plant subsidiary food crops and short-term industrial crops.

The provinces of An Giang and Ben Tre made many efforts to transfer people in the province. An Giang attained 208 percent of its plan norm and Ben Tre attained 144.3 percent. Among the midlands and northern mountain provinces overfulfilling their norms were Lang Son, which sent nearly 12,000 people, 20 times more than planned at the beginning of the year, Ha Bac attained 310 percent, and Bac Thai attained 198 percent of its plan norm.

An outstanding feature during the recent period had been that the party committee echelons and districts have concentrated on guiding the redistribution of labor. Some provinces have organized campaigns to transfer labor and population, with the people bearing principal responsibility, the district assisting, and the central echelon providing capital and materials.

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SO: 4209/408

ECONOMIC PLANNING, TRADE AND FINANCE

POST-LIBERATION ACCOMPLISHMENTS OF HAU GIANG PRAISED

Hanoi NHAN DAN in Vietnamese 29 Apr 85 pp 2, 4

[Article by Le Phuoc Tho, Secretary of the Secretary of the Hau Giang Party Committee: "Hau Giang Today: Accomplishments Over 10 years"]

[Text] During the first years after the liberation economic management and social management were very new responsibilities for Hau Giang Province. The Provincial Party Committee and the Provincial People's Committee were groping and were very confused, so it was unavoidable that there would be difficulties in leadership and guidance to fulfill the economic-social missions. Under the light of the resolutions of the fourth and fifth party congresses Hau Giang, bringing into play its revolutionary tradition and manifesting a self-reliant will, endeavored to overcome difficulties and achieved accomplishments in many respects. After 10 years of liberation, although those accomplishments are only initial ones, they are sources of pride and have created momentum for future years.

The outstanding accomplishment during the past 10 years has been the all-round transformation and development of agricultural development, the central concern of which is grain. The party organization at an early date set the course of intensive cultivation and multicropping. Even during the first years after the liberation the province cleared wasteland, reclaimed land, and gradually created high-output rice areas, in close combination with transforming agriculture, returning land, eliminating the landlord class, eliminating exploitation by rich peasants, etc. The province's policies became action on the part of the entire party organization and population. Since 1979, when it began on a trial basis, the 10th month crop has been expanded to 130,000 hectares, and high-output winter-spring and summer-fall rice areas have been created. Integrated technical measures, especially regarding water conservancy, have been effectively applied. New varieties and high-yield local rice varieties have been applied and the 10th month crop structure has been gradually stabilized, accompanied by the on-the-spot training of technical cadres and the strengthening of the vegetation protection work. Total rice output increased from 800,000 tons in 1976 to 1,520 tons in 1984. During the 1980-1984 five-year period the average annual rate of increase was 10 percent and the average per-capita output increased from 438 to 616 kilograms. On that basis, the amount of grain mobilized for the state has increased year after year. During the past 10 years, on the

average more than 200,000 tons have been mobilized every year. In 1984 420,000 tons were mobilized. Those results have been attained under difficult circumstances, especially the failure to provide sufficient fertilizer and insecticide, infestations of insects, and unusual weather every year. They represent the all-out efforts of the entire party organization, which manifested a self-reliant will and determination to fulfill its obligations and contribute, along with the entire nation, to the victorious fulfillment of the two strategic missions: building socialism and defending the socialist homeland.

The areas planted in such short-term and long-term industrial crops as sugarcane, pineapples, jute, and coconuts, in the various kinds of beans, potatoes, and in fruits total more than 50,000 hectares. Such crops have become important sources of raw materials for local industry and export goods. The animal husbandry sector developed well and the number of hogs increased by 61 percent over 1976.

The people and party organization of Hau Giang are extremely pleased over the development of the aquatic products sector, which has increasingly been affirmed as the province's second economic strength. The activities of the sector--catching, raising, purchasing, and the processing of exports--have made new advances. In 1984 the exploitation of shrimp and fish increased nearly five-fold over 1980 and the aquatic products raising area increase 5.7 times. Although the export-import sector, one of the province's economic spearheads, has only recently been organized the results of its activities are encouraging. The exports have increased steadily and have contributed importantly to meeting the province's production and consumption needs. The forestry sector has zoned state farms and combined the growing of cajuput with fishing. The planting of coastal plants and dispersed plants has increased every year and has contributed to overcoming the difficulties regarding construction timber and firewood of a delta province.

Understanding the viewpoint and line of tying together industry and agriculture from the very beginning and building an industrial-agricultural structure for the province, during the past 10 years the party organization has overcome difficulties regarding sources of raw materials and gradually developed industrial and small industry-handicrafts production. During the past several years the development rate has increased, especially after the implementation of the Party Central Committee resolution on eliminating the administrative-subsidizing management structure and giving the basic level the right to take the initiative. As a result progress has been made in rectifying the state industrial management structure and in instituting commercial management and socialist accounting. Furthermore, the small industry-handicrafts production sectors. In 1984 the value of total industrial production amounted to 2.9 billion dong, an increase of 20 percent over 1983 and 33.53 percent of the total industrial-agricultural output (in 1976 it amounted to only 7 percent). State industry accounted for 18.3 percent of the total industrial output value, which although an advance over the past is still slow.

Another important sector, such as communications and transportation sector, has maintained bridges and roads and increased the number of service

facilities while expanding waterborne transportation, and especially has combined the interhamlet and intervillage road networks. The capital construction sector has concentrated on completing the key projects which serve economic and social department and the lives of the people, and has been concerned with building up the rural areas. Its investment capital and output value has increased every year.

The province has completed the return of 63,570 hectares of land to 67,753 peasant households, eliminated land ownership by landlords and rich peasants, and campaigned for the adjustment of land among the peasants. By the end of March 1985 the province had set up 5,589 production collectives and 26 agricultural cooperatives. The collectivized land accounts for 67 percent of the rice land, including 5 percent of the land occupied by state farms, the socialist economic component accounts for 72 percent of the land. Furthermore, there are 2,300 production solidarity teams, which are bases for ensuring the essential completion of the transformation of agriculture during the first 6 months of 1985. That is a result of the process of guiding and determining the correct direction and path of advance and, no less important, building models with persuasive force. Although their quality is not uniform and we must continue to consolidate and improve them, in general the production collectives and cooperatives have met the requirement of developing production and have begun to build an effective means of earning a living that is far superior to the individual way. Management has been put on the right track, the potential of collective land and labor, the people's lives have been improved, and obligations toward the state have been fulfilled well.

The actual situation has helped us affirm that the transformation of agriculture cannot but be carried out simultaneously with the transformation of industry and commerce. At the beginning we completely eliminated the comprador bourgeois economy and the other bourgeois types, eliminated the big dishonest merchants from the market, positively built up the socialist commercial forces, and gradually advanced to mastering the market and prices. At present state commerce and the marketing cooperatives account for 41.33 percent of all retail sales and control 50 to 60 percent of the wholesale sector. By 1982 the retail network in the province had increased 2.2 times over 1977. More than 200 villages and subprecincts have completed the setting up of marketing cooperative and credit cooperative networks which do an increasingly better job of serving the lives of the people. In a number of cooperatives and production collectives there have begun to appear a number of secondary occupations and the province has a plan to guide the development of the small industry-handicrafts and industrial and export goods preliminary processing trades, in order to mobilize an average of 200 work days a year, further the development of the family economy, and improve living conditions. We regard that as a model of combining "industry, agriculture, commerce, and credit" in the rural areas from the beginning.

The development of production is tied in with the foremost goal of being concerned with the lives of the people. The pervasive guiding thought of the province is to mobilize the combined strength of the sectors and echelons, and especially the spirit of collective mastership of the working people. Therefore, not only the material lives but also the cultural lives of the people have gradually been improved. The educational sector eliminated

illiteracy at an early date (July 1977) and 10,000 people a year attend supplementary culture classes. In comparison to the 1975-1976 academic year the number of general school students has increased 59.4 percent and 80 to 85 percent of the school-age children are in school. The number of students has increased 72.7 percent. The nursery school sector, which in the past had only a few installations in cities, has developed in the rural areas; there are 847 classes with 25,000 children. The public health sector has twice as many doctors, medical aides have increased five-fold, the number of beds has increased 57.3 percent, and the disease prevention and treatment network has been extended to all subprecincts and villages. The number of people viewing films and artistic performances has increased every year. Cultural activity installations have been built and developed in the cities and rural areas. The physical education and sports movement has gradually developed.

Despite circumstances in which there are still many difficulties, Hau Giang has not lost sight of its goal of building the material-technical bases of socialism. At the provincial and district levels there have been completed machinery systems to repair agricultural machinery and produce a number of replacement parts and hand tools. The system of rice mills has been expanded in all areas and ensures the processing of rice to meet the needs of the locality and the central level. The Can Tho seaport, which has just been completed and includes a system of warehouses and storage yards, is being expanded to expand trade with foreign trade and effectively serve exports and imports of the locality and the provinces in the area. The interhamlet and intervillage road network has been expanded by more than 1,500 kms to serve economic and social intercourse. The system of hospitals at the provincial, district, and local levels to ensure good health care for the people, especially in the rural areas. Cultural, physical education, and sports installations have gradually been built and expanded.

While concentrating on economic and social restoration and development, Hau Giang has vigilantly maintained security and order, consolidated national defense, and resolutely smashed the many-sided war of destruction of the Chinese expansionists and hegemonists in league with the U.S. imperialists and the other reactionary powers. The organization of militia and self-defense forces as well as the annual military draft have met requirements and quality has been improved, which has contributed to increasing the strength of the people's armed forces and the fulfillment international obligations toward Hau Giang's sister provinces: Kompong Chang Province and Ha Tuyen Province. The proletarian dictatorship system has been strengthened and the work of building the party, the governmental administration, and the mass organizations, and training and bolstering the cadres, especially at the basic level, has received more attention, which has strengthened the combativeness and leadership role of the Party.

The great efforts of the people and party organization of Hau Giang have been acknowledged by the state in the form of prestigious awards: 67 Labor medals, 128 certificates of commendation, and the leading unit emulation flag of the Nam Bo delta provinces. On the occasion of the 10th anniversary of the complete victory of 30 April, Hau Giang had the honor of receiving from the State Council of Gold Star medal for its great accomplishments during 40 years of revolutionary struggle, combat against foreign aggression, and building and

defending the socialist Vietnamese homeland. The party organization, soldiers, and people of Hau Giang are fully aware that the great accomplishments of the past 40 years, especially the complete victory in the great war against the United States for national salvation, under the wise, talented leadership of the Party Central Committee and our beloved President Ho Chi Minh have been due to subjective dynamism and, at the same time, the aid of the great rear area and the sacrifice of the people of the north, who shed their blood for their brothers in the south. On this occasion I would like to, on behalf of the party organization, soldiers, and people of Hau Giang, sincerely thank the party organizations, soldiers, and people of the north, and the parents who sacrificed their heroic sons who fought so that the south could be completely liberated and so that Hau Giang could win the great victories of today.

The party organization of Hau Giang confirms its determination to advance even more comprehensively and solidly. In coming years it will continue to guide the five goals program, including concentration on the all-round development of agricultural production in the proper direction to ensure the fulfillment of the three functions: producing grain for people and livestock, producing raw materials for industry, and producing goods for export. Industrial production has emphasized the strong development of the machinery sector, especially machinery repair, agricultural products processing, and the production of essential consumer goods and construction materials to serve life. At the same time, the province has done a good job of stabilizing distribution and circulation and has been concerned with improving the lives of the people, especially with regard to clothing, medical care, and study, especially in the rural areas. In the cities, all-out efforts have been made to provide jobs for people who are unemployed or underemployed in order to stabilize living conditions, as Council of Ministers Chairman Pham Van Dong instructed when he visited Hau Giang at Tet at the beginning of this year. At the same time, it has continued to heighten revolutionary vigilance, consolidate national defense, fulfill its international obligations well, build a strong proletarian dictatorship system, bring into play the collective mastership right of the working people, and oppose all negative phenomena in its ranks and in social life.

Confident in the leadership of the Party Central Committee, the State Council, and the Council of Ministers, and the concern and assistance of the sections, ministries, and central sectors, with subjective efforts and manifesting a self-reliant will, and with the coordination and assistance of Ho Chi Minh City and the other provinces, the party organization and people of Hau Giang are determined to outstandingly fulfill the 1985 plan missions, make better preparations to fulfill the 1986-1990 state plan, and advance Hau Giang a step further.

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CSO:4209/436

ECONOMIC PLANNING, TRADE AND FINANCE

ACCOMPLISHMENTS OF MINH HAI IN PAST 10 YEARS REVIEWED

Hanoi NHAN DAN in Vietnamese 29 Apr 85 p 3

[Article by Pham Van Hoai, Deputy Secretary of the Minh Hai Province People's Committee: "Minh Hai Grows Up in 10 Years"]

[Text] During the very first days after the liberation Minh Hai concentrated on building and consolidating the revolutionary administration from the provincial level down to the basic level, healing the wounds of war, and restoring and developing the economy in order to gradually stabilize the people's lives.

The resolution of the Minh Hai party organization set for the policies and specific measures to develop its three strengths: agriculture, fishing, and forestry. Agriculture is the foremost front and grain production is the central concern in stabilizing the lives of the people and contributing increasingly greater amounts of foodstuffs to the nation. In 1984 paddy-equivalent output amounted to 885,000 tons, an increase of more than 360,000 tons over 1975. The average annual rate of increase has been more than 7 percent. The province has paid much attention to developing industrial crops, food crops, and the raising of livestock and poultry, especially hogs and ducks. In 1984 pork production amounted to 32,000 tons, an increase of nearly 8,000 tons over 1975. Agricultural development is a result of the process of applying scientific-technical advances, arranging crop and livestock structures appropriate to each area, promptly providing materials, fertilizer and insecticides, preventing livestock diseases, technical services, creating conditions for intensive cultivation on a large scale, and gradually eliminating the status of rice monoculture.

Fishing is the second strength and the leading source of exports. In recent years the province has paid more attention to raising, catching, purchasing, and processing. Therefore, in 1984 the maritime products output amounted to more than 90,000 tons, an increase of nearly 30,000 tons over 1976. The average annual rate of increase has been more than 4 percent. Furthermore, the province has expanded its joint economic operations and increased its capability to catch, purchase, and process maritime products. Shrimp, a principal export, account for 60 percent of the total annual foreign exchange income and are the basis on which the sector can meet the needs of the sector and contribute to balancing the economy.

Restoring the forests is an urgent mission and important objective in protecting the environment, attaining ecological balance, meeting the needs of the people's lives, and creating conditions for the development of agriculture and fishing. Thanks to the assignment of land and forest areas to the management of districts and bases, the burning and destruction of forests have been halted. The province has afforested more than 50,000 additional hectares and more than 60 million trees have been planted by the people. The Song Trem forestry-fishing organization is a model of combined forestry commerce which uses the short range to nourish the long range and uses fishing to nourish agriculture, and has opened up good prospects for developing forestry and ocean fishing.

On the basis of the agricultural, fishing, and forestry strengths, local industry has gradually taken form and moved ahead. The energy industry has advanced from nothing to meeting an important part of production needs. The machinery repair network, which extends from the province to the districts, and specialized machinery have ensured medium and major repairs of all kinds of tractors and generators and produced ordinary replacement parts and hand tools. The processing, construction materials, chemical, consumer goods, and export industries, and small industry and handicrafts, have also make progress, especially aquatic products, agricultural products, and the food processing industry. In 1984 the total value of industrial output amounted to nearly 1.3 billion dong (calculated in fixed 1982 prices), a 2.3 fold increase over 1975 and 27 percent of the total value of agricultural production.

In the sphere of distribution and circulation, state purchasing in order to control the sources of goods has contributed to serving production and the lives of the people and to fulfilling the obligation of delivering goods to the central level. During the past 10 years the total amount purchased has amounted to nearly 10 billion dong; agricultural, aquatic products, forestry products, and artistic goods have amounted to nearly 10 billion dong, including 1.4 million tons of grain, more than 989,600 tons of pork, and 500,000 tons of shrimp, and more than 7 million dong worth have been delivered to the central level, including 1 million tons of rice, 67,700 tons of pork, and 200,000 tons of shrimp and fish. In recent years the export index has increased steadily. Exports have not only contribute to meeting the needs for production materials and essential goods to serve life, but have also increased accumulation for the provincial budget. In 1984 the export index was 95 times greater than in 1976.

Minh Hai is a province which has rich potential but is very poor with regard to material-technical bases. With consciousness of self-reliance and implementing the slogan "The state and the people work together," during the past 10 years the province has mobilized nearly 31 million work days, hundreds of millions of dong from the people, and 1 billion dong from the state to invest in building more than 1,000 small, medium, and large projects. The major projects include the U Minh reservoir, with a storage capacity of 350 million cubic meters, which contributes to preventing waterlogging and drought on more than 30,000 hectares), a sea containment dike 307 kilometers long, the Ca Mau and Ganh Hao frozen machinery enterprise, an agricultural and roadbuilding machinery enterprise a pharmaceutical enterprise federation, a warehouse system with a storage capacity of more than 100,000 tons of rice and

agricultural products, a system of roads and bridges including a segment of Route 1, interprovincial Route 12, and interdistrict roads, the building and repair of more than 200 kilometers of asphalt roads and upgraded roads, dozens of concrete bridges, and thousands of kilometers rural roads. More than two-thirds of the hamlets, villages, and districts are connected by roads and bridges.

The province has essentially completed the adjustment of land among the peasants. More than 56 percent of the cultivated area and 62 percent of the workers have been brought into collective livelihood. The province has organized 58 cooperatives and 3,168 collectives. Gia Rai and Tran Van Thoi districts and 70 villages and subprecincts in the province have recognized as having essentially completed the transformation of production relations. Those results have created momentum for the province to essentially complete the transformation of production relations in agriculture by the end of 1985. By carrying out the contracting of final output to groups and individual workers, 70 percent of the cooperatives and collectives have attained good and average ratings. In addition to transforming agriculture the province has consolidated 239 marketing cooperatives and 1,000 retail stalls in hamlets, and developed 166 credit cooperatives. The service sectors have also been reorganized. The commercial network has also been expanded to the districts and population clusters. The small industry, handicrafts, fishing, forestry, and salt production bases have brought more than 40 percent of the workers into collective livelihood and gradually stabilized production.

The development of the cultural, educational, public health, and social undertakings and the scientific-technical work has received attention and has been oriented toward serving production and combat readiness. In the past, only one out of seven people was in school, but now one out of four is in school. The province has an advanced school and a specialized secondary school, the districts have secondary general schools, and the villages have elementary general schools. More and more supplementary education schools have been organized for cadres, children of war dead, and disabled veterans. The movement to invent, innovate, and apply scientific-technical advances has been participated in enthusiastically by large numbers of cadres and technical workers. A number of applied scientific-technical research projects have attained good results. At the first national scientific-technical accomplishments fair held in Hanoi in 1983, Minh Hai was awarded 12 gold medals, 8 silver medals, and 2 certificates of merit for valuable projects.

The public health network has developed extensively. The province and the districts have public health clinics and there are joint village public health stations. Disease prevention has been strengthened, the mortality rate during treatment has gradually declined, and the people have received better health care. The party organization and people have set aside part of their efforts and funds to carry out the rear area policies toward families of disabled veterans and war dead, the remains of war dead have been concentrated in provincial, district, and village cemeteries, and thousands of victims of the old regime have been provided work and their human worth has been restored.

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The party organization and people of Minh Hai, a province bordering the sea, always maintain vigilance, endeavor to build up the armed forces and deploy strong defenses, and are prepared to meet all requirements of the front with regard to manpower and materiel, and are prepared to contribute, along with the entire nation, to defeating the enemy's many-sided war of destruction and maintaining political security and social order and security.

During the past 10 years the party organization, governmental administration, mass organization, and people in the province have united, brought into play their collective mastership right, creatively applied the line of the Party to the specific circumstances of the locality, dared to think and do, dared to accept responsibility, and gradually brought economic-social management into a new structure. The accomplishments of the past 10 years are worthy of pride. But the economic-social situation is still beset with difficulties and in many respects there are still major imbalances.

Under the light of the resolution of the Fifth Party Congress and the resolutions of the sixth and seventh plenums of the Party Central Committee, the party organization and people of Minh Hai, confident in their strength, will win even greater victories in 1985 and create a basis on which to victoriously carry out the state plans in future years.

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ECONOMIC PLANNING, TRADE AND FINANCE

HANOI'S DONG XUAN MARKET PRIVATE TRADERS, PROFITS NOTED

Vientiane VIENTIANE MAI in Lao 21 May 85 p 2

["Talking Together" Column by S Thipthiangchan: "The Co-op That Has Only 25 Dong Per Share"]

[Excerpt] In Hanoi Capital of the SRV nowadays the mass economy and collective economy have been growing rapidly. It can be said that the state and collective trade covers approximately half of the small scattered private economy. In the middle of Hanoi Capital almost all of the Dong Xuan Market Ward is now allocated and built into collective co-ops. The trade co-ops have been a driving force in basically leading the small scattered private traders. We can say that 60 percent of the traders throughout the Dong Xuan Canton area have turned to collective trade, called trade co-ops, by putting down a part of the principal share from 25 dong on up.

In 1981 this trade co-op was set up with 125,000 dong of revolving capital and 1,600 members. Now there are 51,000 additional members or 60 percent of the traders. Thirty percent of the co-op members are senior cadres who live on pensions. The organization is divided into eight enterprise units under the responsibility of seven comrades. The merchandise includes industrial and handicraft products and goods brought from worker families' production. It has five restaurants, a tailor shop, a bicycle and motorcycle repair shop, and a tobacco distribution shop.

In 1984 this trade co-op set its goal to make 11 million dong of income, but the figure at the end of the year was 18 million dong or 70 percent (more than) the plan. It paid 186,000 dong for taxes and turned 223,000 dong over to the budget of the capital. The profit remaining from the principal, revolving capital and the expenses was 1.500 million dong.

The Dong Xuan Canton Trade Co-op is a model co-op with sufficient revolving capital without having to borrow money from the government. At the same time the co-op also has some money in the bank which will become a force in carrying out the enterprises of the co-op in the next period and for a long time. Dong Xuan is a large canton and also the center of Hanoi Capital. Trading here was extensive and hectic. However, after the trade co-op was set up Dong Xuan has changed almost all of the large trading. Thus, in the 1984 emulation operation Dong Xuan was honored and praised as a leading canton of the district.

Its trade co-op was also honored and praised by the higher echelons as outstanding. It received 9 labor medals, 1 first-place medal, and 39 commendations from the government.

As for the trade co-op in Vientiane Capital today, although it is growing in terms of quantity, when we examine its quality of operation it is still weak. It has not yet used all of its [duty and role]. It is not a driving force in seeking goods. Its buying and trading have not yet responded to the needs and demands of the masses in each area of responsibility and control and usage has not yet become effective. A weak situation such as this has become a gap to allow the private scattered trade section and small capitalists a chance to destroy and take the [good position] of the collective and the mass trade and also to take advantage to create unrest in terms of goods, prices, and currency.

In Hanoi Capital and especially the Dong Xuan Trade Co-op that we told you about today it was the same. Before this the private scattered trade was competing and fighting to destroy sources of goods, prices, and markets. However, with the good judgment of the guiding cadres at different levels, especially the trade co-op members, all unanimously decided to wipe out some of the free retail trade in the market and then they replaced it with a collective trade co-op which monopolizes the sources of goods production, circulation and distribution, etc. Its primary goal was working from inside the market to the outside because inside the market it is the most confusing place of all. Thus, now the Dong Xuan Trade Co-op particularly the Dong Xuan Market which is considered the biggest market in Hanoi has a new appearance and is endlessly progressing. Those who have a chance to go into the Dong Xuan Market will see order in each kind of goods arrangement, and in each place there will be serving cadres with a polite manner to wait on you in a friendly manner. As for the prices of the same types of goods between private and collective, the collective ones are cheaper than the private by from 10 to 20 percent. When we see its [good position] such as this we should try to apply it to the morning market in Vientiane. We believe it would definitely be effective, and that there could be a new shape to the morning market in Vientiane. All this has already been included in the trade plan of Vientiane Capital.

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ECONOMIC PLANNING, TRADE AND FINANCE

BRIEFS

HCMC LEADS NATION IN SAVINGS DEPOSITS--By the end of March the amount of surplus money deposited in savings accounts had risen to 952 million dong, nearly 264 million dong more than the previous month. Thus in the first quarter the city increased savings deposits by nearly 357,000 dong. Precincts 1 and 5 attained the highest levels of surplus money, between 104 million and nearly 200 million dong. Eleven precincts and district had between 30 million and 100 million dong of surplus money. In March all 18 precincts and districts increased the money surplus and 9 precincts and districts increased their money surplus by from 10 million to 76 million dong. More than 250 subprecincts and villages had surpluses for more than 1 million dong. Subprecinct 10 in Precinct 1 had the highest per-capita average: 1,704 dong. The amount of surplus money saved in Ho Chi Minh City has increased rapidly principally because the people are encouraged to make savings deposits to purchase grain (nearly 500 million dong, more than 52 percent of the total surplus). Furthermore, the trade union, youth, women's and old people's organizations have enthusiastically deposited money in savings accounts and regarded that as an obligation and a right that benefits both the nation and the family. The municipal bank has done a good job of implementing the Council of Ministers decree on increasing interest on savings deposits, carried out broad propaganda, and improved its methods of serving the people. [Text] [Hanoi NHAN DAN in Vietnamese 17 Apr 85 p 1] 5616

NATIONWIDE SAVINGS DEPOSIT TOTALS--By the end of the first quarter the nation had deposited in savings accounts more than 7.4 billion dong of surplus money, an increase of nearly 820 million dong in comparison to the end of 1984. In March there was an increase of more than 606 million dong over February. Ho Chi Minh City led the nation with regard to the amount of surplus money deposited, nearly 952 million dong. Then came Hanoi, with more than 951 million dong. More than 17 provinces and municipalities deposited more than 500 million dong. They include Hai Phong, Cao Bang, Hoang Lien Son, Bac Thai, Vinh Phu, Ha Bac, Quang Ninh, Ha Son Binh, Hai Hung, Thai Binh, Ha Nam Ninh, Thanh Hoa, Nghe Tinh, Binh Tri Thien, Quang Nam-Da Nang, Nghia Binh, and Ben Tre. In March 39 provinces, municipalities, and special zones directly under the central level, all except Hau Giang Province, increased the amount of money deposited in savings accounts over the previous month. In general, the movement to encourage the people to deposit money in savings accounts has made progress. The forms of depositing money in long-term 5-year savings accounts and depositing money in savings accounts to contribute capital to purchase agricultural products and foodstuffs have developed strongly. [Text] [Hanoi NHAN DAN in Vietnamese 29 Apr 85 p 1] 5616

AGRICULTURE

HA TUYEN REPORTS PROGRESS IN FIXED CULTIVATION-HABITATION

Hanoi NHAN DAN in Vietnamese 17 Apr 85 pp 1, 4

[VNA News Release: "In Ha Tuyen, 93 Villages and 457 Cooperatives Complete Fixed Cultivation and Habitation"]

[Text] To date 239,000 ethnic minority people in Ha Tuyen Province have adopted fixed cultivation and habitation. Of that total, 121,595 people (53 percent of the target group), 93 villages, and 457 cooperatives have been recognized as having completed the fixed cultivation and habitation campaign, with regard to all three contents: stable living conditions, stable thought, and good ethnic and military-civilian solidarity.

During the recent period, thanks to investment by the state and contributions by the people totalling tens of millions of additional dong in capital, Ha Tuyen has reclaimed and planted 3,675 hectares of wet rice, 2,122 hectares of upland fields to grow subsidiary food crops, and 763 hectares to grow industrial crops. Implementing the slogan, "The people provide most and the state provides some," Ha Tuyen has also been able to build 520 small water conservancy projects to provide irrigation water to irrigate 2,577 hectares of recently reclaimed land and double crop thousands of hectares of one-crop land. The water conservancy sector in Ha Tuyen has, along with the people in the districts in the high-altitude border areas in the province, lined 1,200 additional cisterns and wells, installed 14,400 meters of water pipes to serve 75,000 people who have adopted they fixed cultivation and habitation so that can produce in one place, and fought and served the fighting.

Combining agriculture and forestry, the people in the fixed cultivation and habitation area in Ha Tuyen were guided in zoning areas for animal husbandry, protecting the existing forests, and afforesting more than 3,100 hectares of protective forests, watershed forests, and forests to provide raw materials for paper making. Therefore, the destruction of forests to make slash-burn fields declined greatly (from 51,8000 hectares to 850 hectares). In addition to the assignment of forest land management to practically all fixed cultivation and habitation people living in the low-altitude districts the province has determined forms for the commercial bases: agricultural, forestry, or combined agricultural-forestry. Each cooperative set aside 10 to 30 percent of its workers forestry. In the low-altitude areas 37 cooperatives specialize in growing tea and 10 cooperatives specialize in forestry. The

fixed cultivation and habitation areas in Ha Tuyen have also built 17,800 square meters of classrooms and 57 hospitals and village public health clinics.

According to its 1985 plan, Ha Tuyen Province will arrange new population centers for 31,200 people (who will move from high-altitude areas to low-altitude areas), reclaim 11,000 hectares of land for cultivation, and build material-technical bases and public facilities to serve production and life.

5616

CSO: 4209/407

AGRICULTURE

COMPLETION OF FIXED CULTIVATION-HABITATION CAMPAIGN URGED

Hanoi NHAN DAN in Vietnamese 17 Apr 85 pp 2, 4

[Summary of Speech by Vu Dinh Lieu, Vice Chairman of the Council of Ministers at the Conference To Recapitulate the Fixed Cultivation and Habitation Work to 1984, held in Hanoi 4 and 5 March 1985: "Urgently Complete the Fixed Cultivation and Habitation Work Basically and Solidly"]

[Text] I. Fully Realize the Position and Importance of Our Country's Mountain and Midlands Regions. Why Do The People Have To Practice Shifting Cultivation and Habitation?

Our contry's mountain and midlands regions have an especially great position and importance with regard to politics, economics, society, and security and national defense.

--Politically, they are revolutionary base areas in which many ethnic groups live together. In the process of building and defending the nation the ethnic minority people have manifested ardent patriotism, solidarity, revoluteness, and steadfastness in order to oppose foreign aggression, defend the homeland, and build socialism.

--Economically, they are areas with rich, varried potential. The strengths of the midlands and mountain regions are forests and mountains, forestry products, and special forest products; the growing of short-term and long-term industrial crops, pharmaceutical plants, and export crops and animal husbandry, especially the raising of ruminant livestock. There are also many minerals and many sources of energy, especially hydrological (if we maintain forests well and do a good job of afforestation) for water conservancy and hydroelectricity. But in order to bring those strengths into play positive and complete steps must be taken to resolve the food problem. That is an indispensable first step.

--Socially, they are areas in which many fraternal ethnic groups live together. Each ethnic group has different production customs and habits and customs, and the material-technical bases, which were already poor, were damaged by the war of aggression waged by the Chinese. The cultural-social level is still low and difficulties are still encountered with regard to living conditions, so it is extremely essential to improve the economic and social lives of the people.

--With regard to security and military defense, mountain regions were bases of base areas and rear areas of the revolution. The enemy planned and launched the northern border region, base became the front line and every day and every hour are face-to-face with the enemy troops and have to wage a life and death struggle. The encirclement and many-sided war of extermination of the ruling class who, in league with the U.S. imperialists and the other reactionaries, are distorting and holding the ethnic minority base to be a rear base, and to backward people.

Only by fully understanding the position and importance of our mountain and midlands regions can we realize the organic relationship between the fixed cultivation and habitation campaign and promoting and developing strengths to serve as a basis on which to carry out economic-cultural development in the mountain and midlands regions, and only then can we understand the Party's viewpoint and line of tying together labor and land to effectively exploit the many potentialities of the mountain and midlands regions in order not only to stabilize and gradually improve the living conditions of the ethnic minority people but also contribute to socialist construction and national defense.

Why do the people have to practice shifting cultivation and habitation? That is a matter which we must study and analyze in order to understand the reasons scientifically and accurately, with a correct historical viewpoint, in order to set forth positive, complete measures and enable the fixed cultivation and habitation campaign to achieve results rapidly but fundamentally and solidly.

There may be many reasons why the people have to practice shifting cultivation and habitation, but one may generalize by saying that the people in the mountain and midlands regions have had to practice shifting cultivation and habitation to obtain food, to earn a living, and because of exploitation by the ruling class and many other enemies.

In resistance wars against France and the United States most of the mountain and midlands regions were revolutionary bases areas. In addition to providing for themselves the ethnic minority people also contributed to feeding the troops, and the enemy feverishly surrounded and blockaded those areas, so the people had no other course than to engage in self-sufficiency production by means of slash-burn cultivation.

With the restoration of peace and the unification of the homeland the Party and government soon realized that it was necessary to care for the ethnic minority people, protect forest natural resources, increase the afforested area, develop the midlands and mountain regions economically and culturally, and enable the mountain region people to catch up with the lowlands, as called for by the sacred Testament of Uncle Ho. If those policies are to be carried out it is necessary to urgently organize the people to fundamentally and solidly adopt fixed cultivation and habitation.

But immediately after emerging from the anti-U.S. war we had to cope with two wars along the southwestern and northern borders and a many-sided war of destruction started by the Beijing expansionists and hegemonists in league

with the U.S. imperialists and many other reactionaries, all that progress stand hasn't accomplished much.

Furthermore, we must admit that although our stand is correct our policy and measures are not complete. Clearly, if the people are to adopt fixed cultivation and habitation the grain problem must be resolved. In order to resolve the food problem there must be truly complete policies and measures, such as investment in water conservancy and fertilizer so that the people can practice intensive cultivation in wet-rice paddies, terraced paddies, and slash-burn fields. How should forestry and agriculture be combined in cultivation and animal husbandry? How should diet be improved so that it can be appropriate to each area and ethnic group? If all methods are employed without resolving the grain problem locally, the people are allowed to use forestry products, special forestry products, animal husbandry products, industrial crops, etc., in order to form alliances or joint operations, export or exchange goods for grain, or import grain. Because those stands and policies are not complete and have not been concretized, they are very difficult to implement.

That is not to mention the fact that cutting down forests to make slash-burn fields had become a custom, and it is very difficult to change customs. Meanwhile, our propaganda and education work is still weak and the successful models have not been widely introduced. Our guidance has not kept up with the situation and missions.

Those are the direct reasons why the fixed cultivation and habitation work is still very limited. We must resolutely overcome them in the future.

--The results that have been attained and the remaining problems in the fixed cultivation and habitation work that must be resolved are as follows:

a. Results that must be developed:

After 15 years of implementing the fixed cultivation and habitation campaign we have carried out a nationwide campaign and 1.6 million of the 2.2 million people practicing shifting cultivation and habitation have been propagandized and encouraged and have adopted fixed cultivation and habitation to varying degrees. According to a Ministry of Forestry report, thanks to the gradual explaining of the Party's production guidelines in the midlands and mountain regions, all aspects of the campaigns, from such production projects as land clearing and building up fields to afforestation and the development of industrial crops and the raising of large livestock, have attained good results. Many all-out efforts have been made in building villages, creating villages, creating a new culture life, and training cadres and many good results have been attained. The application of the slogan "The state and the people work together and the central and local levels work together" has made more and more progress in recent years. Much experience has been gained in organizing and guiding implementation and in promoting planning. Recently guidance has been selective and investment has been concentrated on building bases to develop production. Those are initial advances but are encouraging. In 1984, although there were still many objective and subjective difficulties, with the leadership of the party committees and governmental administrations

at all conclusions, the simplification of the campaign, and the goal of fixed habitation and cultivation movements from the mountain areas down to the localities, the scope of the campaign has been enlarged, the form of the campaign has become increasingly deep, and there were considerable variations that the form of individual households creating forest gardens and plantations, crop gardens, digging wells, and building houses of the mountain, digressing ethnic minority people, assigning land and forest areas to individual cooperatives and production collectives, contracting out to these organizations, to individual cooperative member households and collective members and the assignment of land to the family economy, the selection of some ethnic minority people who volunteer to enter state farms and state forests, etc., are very correct policies.

The combined results of the campaign are that 90 percent of the people who practice shifting cultivation and habitation are gradually adopting fixed habitation and cultivation, 660,000 (90 percent of the target group) have completely adopted fixed cultivation and habitation and have stable production bases and the other necessary installations. These people have ended the destruction of forests to make shifting slash-burn fields and have fulfilled the three requirements of the campaign: "stable production, stable thought, and good solidarity." Although the results that have been attained still fall short of the requirements, they are important initial victories that have contributed to economic-social development and construction, to improving the lives of the ethnic minority people, to reducing the destruction of forests, and to consolidating national defense and political security in the mountain region, and have contributed importantly to defeating the many-sided war of destruction waged by the Beijing expansionists and the other reactionaries.

Those victories affirm two matters:

The fixed cultivation and habitation policy of our Party and state is entirely correct and is appropriate to the aspirations of the ethnic minority people. With a spirit of ardent patriotism and diligent labor of the ethnic minority people, and with the revolutionary ardor and strong sense of responsibility of the party committee echelons, the governmental administrations, the mass organizations, and the cadres involved in the fixed cultivation and habitation campaign, we are capable of completing the adoption of fixed cultivation and habitation by the ethnic minority people in the not-too-distant future.

In that campaign many localities, such as Ha Tuyen, Hoang Lien Son, Quang Ninh, Ha Son Binh, Thanh Hoa, Binh Tri Thien, Gia Lai-Kon Tum, and Dac Lac provinces, have achieved rather good results. Especially, Dac Lac and Quang Ninh have recently made solid progress. By means of the fixed cultivation and habitation campaign closely combined forestry with agriculture, resolved the grain problem, afforested new areas and protected forests, and developed coffee.

Quang Ninh Province has brought ethnic minority people into forestry, planted more than 2,000 hectares in cinnamon, and combined fixed cultivation and habitation with defense of the border. Many districts, such as Meo Vac in Ha Tuyen Province, have overcome natural difficulties and combined the fixed

cultivation and habitation campaign with limited success. A local district in Binh Tri Thien has a fixed cultivation and habitation campaign combined with creating cooperatives in order to add handicrafts. The Quang Tri district in Gia Lai-Kon Tum Province encourages fixed cultivation and habitation by developing the garden economy. In Nga district in Kon Tum Province encourages fixed cultivation and habitation by creating intensive cultivation fields combined with creating family gardens, and handicrafts, and bringing some ethnic minority workers into state installations.

In general, all localities and ethnic minority groups have found fixed cultivation and habitation models. For example, the Dao ethnic minority people in Quang Lam Village, Quang Binh Province, who grow rice in combination with growing grain, have adopted fixed cultivation and habitation and produce enough hydroelectricity to illuminate the entire village. The Mong ethnic minority people in Pang Luang District, Quang Nam-Da Nang Province, has carried out afforestation, combined agriculture with forestry, ended the making of slash-burn fields to practice shifting cultivation, and stabilized living conditions. The Shade people in Dao Lao, the Jarai people in Ia Bau (Gia Lai-Kon Tum), and the Bhamar people in Na Ky Nghia District have adopted fixed cultivation and habitation and created a garden economy.

On behalf of the Standing Committee of the Council of Ministers I warmly praise the sectors, localities, and ethnic groups, especially in Dao Lao and Quang Ninh provinces, for having achieved many real accomplishments in carrying out fixed cultivation and habitation campaigns. I warmly praise the fixed cultivation and habitation cadres from the central level down to the localities for manifesting a high degree of revolutionary enthusiasm, being close to the ethnic minority people and the mountain region, overcoming many difficulties and deprivations, and achieving results in leading and guiding the movement.

b. Problems that must be resolved:

After 15 years the scope of the campaign has been extended to only 1.6 million of the 2.2 million people who practice fixed cultivation and habitation, so it is not yet broad, and fixed cultivation and habitation is practiced on only 660,000 of 2.2 million hectares, so it is not deep.

Why does that situation exist?

With regard to ideological awareness, we do not yet fully realize the importance of the work and do not yet realize that it is a difficult, complicated revolutionary campaign and one of our responsibilities toward the ethnic minority people. Some localities do not yet truly pay attention to the fixed cultivation and habitation campaign. For example, fixed cultivation and habitation capital is used for other purposes and attention is not paid to improving the organization and deployment of cadres who are capable of helping the party lead and guide that work. A number of localities and bases rely on subsidies and have not yet unified standards for evaluating fixed cultivation and habitation, and tend to want to prolong that campaign in order to obtain the support of the upper echelons. Nor do we fully realize the position, importance, potential, and strengths of the mountain and midlands regions.

Therefore we have no combined, all-round efforts to exploit the potential and strength with regard to agriculture, forestry, fishing, and industry in order to advance to large-scale socialist production, the main characteristics of which are large-scale commodity production, good quality, and high effectiveness.

Production guidelines and economic structures have been adopted which are not appropriate to the potential and strengths of the mountain and midlands regions. Especially, the directions and methods for resolving the food problem are not in accord with the capabilities of each area and the customs of each ethnic groups. For example, there is only concentration on grain production and monocultures, and no attention is paid to sustaining agriculture, forestry, fishing, and industry.

We have been slow in building infrastructures, especially roads, water conservancy projects, and hydroelectricity projects, in order to serve the all-round development of electricity. On the contrary, some places have wanted to show off and have dispersed forces to build headquarters and other projects that are not truly essential.

The cooperativization campaign does not yet truly respect the principle of voluntariness and the economic-social situation of the ethnic minority people, but is usually imitative, such such as organizing cooperatives like those in the lowlands, with excessively large scales and complicated management systems.

The organization of guidance is still dispersed and efforts are spread out evenly, so much of the work is still unfinished.

Only if we clearly realize those basic deficiencies and reasons can we determine correct guidelines and missions and effective methods for organizing implementation during the coming period.

II. What Must We Do in 1985 and How Must We Prepare for Future Years in Order To Urgently, Basically, and Solidly Complete Fixed Cultivation and Habitation, Develop the Strengths of the Mountain and Midlands Regions, Gradually Stabilize the Lives of the Ethnic Minority People, Contribute to Building Socialism, and Defend the Homeland?

The sacred Testament of Uncle Ho taught us that we must enable the mountain region people to keep with the lowland people. The resolution of the Fifth Party Congress indicated that "A matter of key significance at present in order to simultaneously carry out the three revolutions in the ethnic minority areas is to achieve fixed habitation and cultivation." The resolution also pointed out that the direction for carrying out that campaign is to include it in the mission of comprehensively building the mountain region districts." We must combine the development of agriculture with the development of forestry, gradually build industry, pay special attention to developing education, public health, and culture in order to improve the material and cultural lives of the ethnic minority people, and combine economic construction with national defense and the maintenance of security.

We must study in order to fully understand their situation in the process of leading and guiding the food production and distribution campaign in the future.

I would like to present some specific questions that we are studying.

1. What is the key problem that must be resolved if the people are to stop practicing shifting cultivation and deforestation?

I believe that the key problem that must be resolved is the food problem. The people have practiced shifting cultivation and deforestation and destroyed forests to make slash-burn fields primarily to obtain food, as food of all kinds is necessary to resolve the food problem. Food is the basis on which to develop the other strengths of the uplands and mountain regions.

2. But how should the food problem be resolved? The problem appears to be simple but is very complicated and must be resolved completely, comprehensively, persistently, and very resolutely.

a. With regard to wet-rice paddies, all scientific-technical measures, including biological measures must be applied to practice intensive cultivation and multicropping and attain high effectiveness and yields. Some land-poor areas must some slash-burn areas and promote the growing of short-term and long-term industrial crops, food crops, fruit trees, pharmaceutical crops, and export crops. The raising of water buffaloes, cattle, horses, goats, rabbits, hogs, chickens, ducks, fish, bees, and especially livestock which do not consume grain, must be encouraged.

b. With regard to forests and forest land it is necessary to tend and protect the existing forests and positively carry out afforestation. In order to combine agriculture with forestry it is necessary to interplant grain crops before the forests form canopies. It is necessary to grow tubers (alpinia, taro, sweet potatoes, etc.), pharmaceutical crops, and special product crops, and raise water buffaloes, cattle, goats, horses, etc., under the forest canopy. Depending on the type of forest we must select sappling, afforestation, and animal husbandry structures and appropriately develop them in order to make full and combined use of the land, natural resources, and the biological environment in order to create large quantities of commodity food products. We must promote the reviewing of the scales of state farms and state forests, and boldly assign land and forest areas to the cooperatives and production collectives. Those collective economic organizations must have specific plans for contracting land to individual households. Some land must be assigned to the family economy. The contracting out of forest areas and forest land must be the same as the contracting of rice land.

c. It is necessary to do a good job of exploiting the hydrological resources of the mountain region in order to build water conservancy and hydroelectric projects, first of all building small installations, creating the prerequisites for developing agriculture and agricultural-forestry products processing industry, and have water for daily life. On that basis we can improve the people's diet along the lines of gradually reducing starch and increasing protein, fat, fruit, etc.

d. In addition to the all-round promotion of fixed cultivation, depending on the situation of each ethnic group we must encourage them to reduce the birth rate, the population growth rate and regulate the number of children, namely having two children, or in special cases with regard to ethnic minority groups that are now too small, three children.

e. Alliances, joint operations, and economic relations with the lowlands and exporting must be promoted. The mountain region should pay use the agricultural, forestry, and native products for exchange with the lowlands for grain, or export special products to purchase grain and other necessities which to develop production.

3. In addition to the foremost mission--realizing the food problem, we must also build infrastructures and especially must pay attention to developing transportation, water conservancy, hydropower, electricity, education, public health, and culture in order to improve the material and cultural lives of the people and combine economic construction with national defense and the maintenance of security.

4. In order to fulfill those important missions well we must apply many combined and complete measures:

a. First of all, it is necessary to promote the propaganda work and educate the cadres of the sectors, the echelons, and the people with regard to the importance and complicated nature of the fixed cultivation and habitation campaign and the importance and strengths of the mountain and midlands regions, in order to improve their consciousness and knowledge. If we are to achieve fixed cultivation and habitation we must bring into play in a combined manner in order to resolve the food problem and thereby create a basis on which to exploit the other strengths and contribute to building socialism and industrializing the nation.

b. It is necessary to reorganize production in the mountain region in accordance with plans based on districts. There must also be plans for the fixed cultivation and habitation work, based on the all-round district plans. That planning task must be completed by 1990, as called for by the agenda of the Ministry of Forestry (but the sooner it can be completed the better). In the production plans it is necessary to do a good job of combining the state, collective, and family economies, closely combine forestry, agriculture, and industry and bring the people into state installations, if they volunteer to go. The existing cooperatives must be consolidated and developed so that they can be appropriate and build new collective livelihood organizations, both low level and high level, with appropriate scales and management systems. Distribution must be appropriate to the socioeconomic level of each area and ethnic group and we must not imitate the cooperatives organized in the lowlands. The commercial direction of the cooperatives must be to combine forestry with agriculture, have combined commerce, and expand the sectors. At the same time, we must strongly develop the family economy. The direction for developing the family economy must also be to combine agriculture and forestry with small industry and handicrafts.

Thus the harmonious combining of three economic components in an area is also a motive force for rapidly completing the fixed cultivation and habitation work.

c. It is necessary to improve the mechanism and policies, such as the policies regarding combined planning, policies regarding investment and two-way contracts, policies regarding prices, state purchasing, and selling, circulation-distribution policies, policies regarding alliances, joint operations, exporting and importing, cadre policies, etc., so that they can be appropriate to the mountain region and to the ethnic minority areas, for only then can we rapidly achieve fixed cultivation and habitation.

d. Guidance must be resolute and selective. The fixed cultivation and habitation organizations must remain close to the basic level and strengthen their inspection and supervision in order to ensure the attainment of the annual plan norms. We must study the consolidation of the fixed cultivation and habitation organization and supplement it with capable cadres in order to help the party committee echelons and people's committees at all echelons effectively guide that work.

e. Finally, fixed cultivation and habitation is a major policy of the Party and the fixed cultivation and habitation campaign is a comprehensive, absolute, difficult, and complicated revolutionary campaign. It is a common undertaking but the localities have the primary responsibility, so the party committees and people's committees at all levels must directly lead and organize its organization and the sectors at the central echelons must, according to their functions, make active, complete contributions and promptly fulfill the rational requirements of the localities.

The Ministry of Forestry must coordinate with the sectors and localities and draft specific, solid plans to promote the campaign; study, and recommend that the central echelon promulgate, the necessary policies; and be concerned with training cadres to do the fixed cultivation and habitation work.

5616

CSO: 4209/407

HEAVY INDUSTRY AND CONSTRUCTION

COMPLETE FULFILLMENT OF CONSTRUCTION PLANS URGED

Hanoi NHAN DAN in Vietnamese 29 Apr 85 pp 1, 4

[Editorial: "Fulfill Construction Plans Well"]

[Text] The capital construction mission is tied in with the developmental requirements of the sectors and localities and the lives of the people. To fulfill construction plans well is to contribute decisively to forming a rational economic structure and attaining the principal economic-social goals of each period.

During the first 4 months of this year the capital construction sector has made many all-out efforts to overcome difficulties and ensure that the construction schedules of a number of key projects is maintained. At the Hoa Binh hydroelectricity plant construction site two runoff tunnels have been completed, work is continuing on the lower parts of the tunnels and construction has begun on the tunnels which will conduct the water to the power plant. After completing the pouring of the foundation, the Pha Lai thermoelectric generating plant construction site installed turbine No 3 and boilers 5 and 6. The Tri An hydroelectricity plant has kept to its schedule in digging water conducting canals and the foundation for the main plant. The Vung Tau oil and gas service zone is erecting a new drilling platform. The Thang Long and Chuong Duong bridge construction sites are urgently completing the remaining work in order to complete the bridges in May. Noteworthy is the fact that some sectors and localities have quickly built a number of projects and brought them into use, thus bringing into play the effectiveness of investment at an early date. Examples include the commercial center of the municipality of Da Nang and Dai Hoa Sen 2 in Ho Chi Minh City.

The experience of such places is that in addition to exploiting the four capabilities, expanding joint operations and alliances, creating additional sources of materials, and providing unified, centralized guidance, it is also necessary to boldly change the mechanism, be dynamic and flexible in organizing construction, have complete cooperation among the relevant sectors to resolve problems and create conditions for the construction sites and each labor team and unit and each worker can truly master the construction process. The construction units emphasize the application and expansion of the form of contracting whole projects for project items. There are appropriate material incentive policies and the living conditions of construction workers

who work continually out of doors, in high places, or in tunnels, etc., are ensured.

Those experiences must be expanded. But at present there are still a considerable number of units and construction sites which still adhere to the old style of management and wait on the state to send materials and equipment, and there is a lack of initiative in coordination among the relevant sectors in order to quickly resolve problems. They have not boldly improved the organization of construction, carries out alliances and joint operations, or exploited all local capabilities in order to have additional construction materials and increase the workers' income. There exists the situation of key projects in the same area being constructed at a slower rate than non-key projects, of central-level projects being constructed at a slower rate than local projects, and the labor productivity of state workers being lower than that of cooperative and individual workers. The unified, centralized guidance of the relevant sectors and the party committees and governmental administrations in such places is not tight and does not ensure sufficient material conditions according to the order of priority that has been determined for each project. Therefore, during the past 4 months a considerable number of key construction projects have been behind schedule and some have attained only 15 percent of the annual plan norm. A number of projects which according to plan should be started or brought into use this year have been constructed slowly. Failure to fulfill the construction plan has upset the balance of the plan period.

Thorough fulfillment of the 1985 construction plan will not only contribute decisively to meeting the economic-social norms set forth by the Fifth Party Congress, but also the premise for the requirement of construction to serve the economic-social development plans in future years. The state has determined which of the key construction projects must be completed, which should be carried over to next year, and which should be started. The construction sector and the relevant sectors and localities are responsible for seeking all means and resolutely fulfilling the legal plan.

If that is to be accomplished, it is first of all necessary to do a good job of supervising, receiving, transporting, and supplying all materials and equipment and create favorable conditions for construction and the production of construction materials. The supplying of electricity, materials, transportation facilities, foodstuffs, consumer goods, etc., according to plan to tens of thousands of people at the key construction sites must receive constant attention. We should not allow the situation of tardiness in providing capital and slowness in paying salaries and bonuses to workers create additional difficulties in work and life. The sectors and localities to which the state assigns responsibility for serving a number of key projects must regard that as a responsibility and honor, and not because of a few temporary problems between "the general and the particular" adversely affect the project's construction rate. All sources of materials that can be exploited must be concentrated on the principal projects and goals and produce important projects. The improper use of materials to "make deals," exchange, or sell at a profit because of price disparities, at a time when their area or the unit for which they are responsible lack construction materials, must be brought to an end.

The construction and materials production sectors must manifest initiative and creativity, change their construction management and organization mechanism, have dynamic methods, and make the most rational use of electricity, materials, transportation facilities, and the existing conditions. At present, in order to eliminate the bureaucratic, subsidizing management mechanism, change over completely to economic accounting and socialist commerce, increase labor productivity, ensure rational incomes for construction workers, encourage the economical use of materials, lower production costs, improve quality, and quickly bring the projects into use, it is necessary to widely apply the forms of contracting out projects, project items, and large work volumes, combine the contracting of salary funds with the contracting of foodstuffs, and assign standards for the supplying of foodstuffs. There must be a system of specific rewards and punishments for economizing on and using materials, complete the construction of projects on schedule, and ensure quality. There must be rational contract unit prices and the most essential needs of the workers must be met so that they can work contentedly under arduous conditions at the construction sites. The good performance of those tasks will contribute decisively to the victorious fulfillment of the 1985 construction plan.

5616

CSO: 4209/436

HEAVY INDUSTRY AND CONSTRUCTION

BRIEFS

SHIPBUILDING ENTERPRISE EXPANDING ACTIVITIES--The Bach Dang, Song Cam, and Tam Bac factories of the Federation of Shipbuilding Enterprises of the Ministry of Communications and Transportation are expanding economic alliances and built many river and ocean lighters with 400 to 1,000 ton capacities. The Song Cam shipyard has gradually equipped itself with additional material-technical bases, reorganized its production line, and increased its ability to build new ships. It has advanced from building barges to building five river-ocean lighters with 400 to 600 ton capacities to transport cargo on rivers and canals. The Tam Bac shipyard has improved its launching facilities expanded alliances, overcome difficulties regarding technical materials, built many ships with 300 ton capacities, and prepared to launch a 400 ton river-ocean lighter. That is the largest ship ever built by the shipyard. After turning over the first 1,000-ton capacity river-ocean lighter to the maritime transportation sector, the Bach Dang shipyard, having gained experience in preparing production conditions and boldly changing the design of 30 machinery parts, rapidly accelerated the assembly of the hulls and the manufacture of many components on the deck, in preparing to launch a ship with a 1,000-ton capacity. [Text] [Hanoi NHAN DAN in Vietnamese 16 Apr 85 p 1] 5616

CSO: 4209/408

LIGHT INDUSTRY

PULP MILLS RUN BY YOUNG VOLUNTEERS

Hanoi VIETNAM COURIER in English Apr 85 p 27

[Article by Do Quang]

[Text]

An Suong is one of the pulp mills run by Young Volunteers of Ho Chi Minh City. It is housed in a former training centre of the puppet troops. From the outside one still sees heaps of debris and jerry-built huts covered with corrugated iron, their walls showing holes made by the guns of the Liberation Army ten years ago. But Young Volunteers of Ho Chi Minh City have come here and turned this abandoned military post into a pulp factory.

During our visit, we saw about one hundred youths hard at work. The rudimentary furnaces were fed with firewood, but the lo-o* cleaners were operated by electricity. Young girls wearing green caps were chopping up lo-o trunks. Lorries carrying this material were returning from the forest, their bodies stained with red soil. The workers were busy installing more machines made by workshops in the city itself.

They are all young people who have gone to remote regions to clear virgin land and build new economic zones: Tra Cuc, U Minh, Dong Thap, Kien Giang, Dac Lac... When receiving the order to return to the city to make pulp, they were in a quandary. Apart from an old animal-feed grinder which could be used to crush lo-o (after cutting up the trunks and immersing them in lime water) they had nothing in the way of equipment. Yet, since 1982 when they started work, they have learnt the necessary technique and have saved enough money to buy some modern machinery. Now they possess, besides four crushers, a welder and a grinder — all these machines now being skilfully operated by people formerly accustomed to do only manual work: sinking canals, digging foundation, building houses...

The young people have quickly mastered the pulp-making technique taught them by experienced workers. Among the latter is a white-haired worker who comes from a family with many of

* lo-o: a kind of bamboo.

its members working in private paper mills in the city. He often tells the young workers how he appreciates their courage and enterprising spirit, and their readiness to tackle difficult and unfamiliar tasks. Many of these greenhorns have made remarkable progress: Nguyen Thanh Duc, who could not even handle a spanner properly is now member of a technical team and a skilful welder and grinder who could do jobs that formerly had to be sent out, thus saving a lot of money and time. Pham Van Thanh, who joined the Young Volunteers in 1976 and was at first employed to quarry stone, is now capable of doing major repairs to crushing machinery. He is head of the No. 2 crushing team, known for the high quality of the pulp it turns out.

In 1983, An Suong mill received an order for 1,200 tons of pulp: it turned out 1,500 tons. In 1984, the production target was set at 1,500 tons, but preparations got immediately under way to produce 2,000 tons. Besides labour efficiency, economy receives great attention. Production costs are lower than in most other pulp factories in the city. An Suong is now supplying pulp to the Dong Nai paper mill, which in turn gives it technical help to improve its production process.

The Thu Duc pulp mill, housed in the buildings of the former training centre of the puppet police is bigger than An Suong, with large storehouses, big tanks for soaking logs, up-to-standard crushers and furnaces; high chimneys; a well-arranged production chain; and also a hospital, a canteen, a library, a club, a meeting room, a basketball ground and a flower garden. Besides the big kiln now in operation, it is building two others to supply more pulp to the Tan Mai paper mill. Even on Sundays, its personnel works on a round-the clock basis, in three shifts. Thanks to strict quality control, its products have proved to be of high quality.

A third pulp mill run by Young Volunteers of Ho Chi Minh City is located at Dac Nong, in the Central Highlands. It is being built on a hill near the Dac Tich stream amid a lush forest resulting in big savings in transportation costs. The mill is nearing completion and will soon be commissioned.

At present, the pulp mills operated by Young Volunteers are supplying 4,000 tons of pulp to Ho Chi Minh City every year. In a near future, output will double. An Suong, Thu Duc and Dac Nong will soon merge into one big enterprise bearing the name "Young Volunteers' Paper Mill". This means that it will turn out not only pulp but paper, too.

In the period of transition to socialism, this is the orientation taken by developing countries progressing from small-scale production to large-scale socialist production. ●

TRANSPORTATION AND COMMUNICATIONS

RIVER TRANSPORT IN THE MEKONG DELTA

Hanoi VIETNAM COURIER in English Apr 85 p 25

[Article by Le Phu Khai]

[Text]

The Mekong delta has a maze of waterways. From Ho Chi Minh City, 1,000-ton boats can go to Rach Gia and Ca Mau through the Vam Co river and the canals linking to the Tien Giang and Hau Giang rivers. One can travel the length and breadth of the Mekong delta solely by boat. The depth and width of the rivers, their slow flow and constant course, the absence of waterfalls and rapids, the mild climate, the lack of strong winds and storms, the gentle declivity of the ground—all favour water transport. In the absence of railways in the Mekong delta, the development of river transport is one of the central tasks in the region.

At present, almost all the provinces in the Mekong delta have their own State-run enterprises and their own cooperatives for river transport. Some have a sizable flotilla. In Tien Giang, a State enterprise has 13 barges totalling 504 h.p. capable of carrying 2,100 tons of goods. A cooperative under provincial management has 212 boats with a transport capacity of 7,500 tons of goods and 1,700 passengers. The State transport service in Long An province has 42 boats

totalling 3,300 tons and 1,468 h.p., and a State-private company has boats totalling 2,092 tons: six cooperatives under district control have 1,127 small boats and a cooperative under provincial management has a cargo-carrying capacity of 7,913 tons. Boats of the State transport service of Ben Tre province can carry 1,900 tons, and those of the cooperatives 1,300 tons of freight and 3,000 passengers. Those run by Cuu Long province can carry 3,250 tons of freight and 970 passengers... The provinces south of the Hau Giang river have an even bigger transport force. The river flotilla of An Giang province totals 35,000 tons; the number of boats of newly reformed private enterprises is also very great. In the past few years the transport units run by the State services and cooperatives have played a decisive role in carrying cargoes for the provinces and for the central government as well.

Reviewing those initial results, we can affirm that the development of river navigation in the Mekong delta is a rational step. Economically speaking, river transport is at least three times cheaper than that by lorry. Over long distances it is not much slower than road transport.

Although river transport in the Mekong delta has yielded good initial results it has not met the

requirements. (While the transport of food from the western provinces to Ho Chi Minh City and that of agricultural equipment and building materials from this city to the western provinces, has developed rapidly, river transport has made but slow progress. One of the principal reasons is that the socialist transformation and reorganization of this branch of activity has made only little headway. Many provinces have set up big transport organizations in various forms, but due to bad management, they have had to be dissolved and reorganized. Other provinces have failed to establish transport cooperatives at district level. In some districts, the boats are used to carry goods for the "free" market. Some provincial departments have set up transport enterprises only to serve their own needs. That is why in an emergency, provincial transport services are incapable of meeting the requirements of the central government and even of the provinces themselves.

Tien Giang and Long An provinces have set up each a big transport cooperative with boats upward of 25 tons capacity. This proves a great help in solving the transport problem. In addition, steps have been taken to set up a State transport enterprise of medium size, while the boats below 25 tons capacity are put under the management of district cooperatives. The province supervises the transport

plans of the cooperatives, supplies them with fuel and controls their receipts, while the co-op members attend to maintenance and repair work. These cooperatives will gradually be raised to a higher level. Since its establishment the Rach Gam cooperative in Tien Giang province for instance has consistently fulfilled its transport plans. Under the control of Long An province, the Vam Co cooperative has a carrying capacity of ten thousand tons.

Mention should be made of the serious imbalance between the capacity for transport on the one hand, and that for loading and unloading on the other. Waiting time at the ports has increased day by day. In the transport of rice it averaged four days in 1977, five days in 1978, ten days in 1979 and fifteen days in 1980. Though this situation has improved the problem remains an outstanding one. This is due to shortage of packing and inefficient stevedoring. Besides, warehouses and wharves are often built at inconvenient places.

The river transport services and economic branches concerned are striving to surmount these difficulties. They are taking steps to supply more high-quality wood for the repair of hulls, and spare parts for that of engines. Besides, they are striving to increase the efficiency of river transport and reduce the consumption of fuel and other expenses. ●

CSO: 4200/1121

HEALTH, EDUCATION AND WELFARE

KHMER PEOPLE IN HAU GIANG SAID WELL TREATED

Hanoi NHAN DAN in Vietnamese 29 Apr 85 pp 2, 4

[Article by "V. P.": "Khmer People Treated Well"]

[Text] Nearly 330,000 people--13 percent of the population of Hau Giang Province--are Khmer people who at an early date had revolutionary consciousness, believed in and followed the Party, and made many contributions in two resistance war. There have been profound changes in the material and spiritual lives of the Khmer people in the province.

Before the liberation, 80 percent of the Khmer people were continually threatened by hunger and 95 percent were illiterate. Only 15 percent of the school-age children attended school. They lived by themselves in hamlets and for many generations had to put up with hunger, diseases, superstition, exploitation, etc.

In 1975 and 1976 Hau Giang issued from reserve stocks nearly 500 tons of rice for famine relief, in addition to providing more than 500 hectares to 2,043 poor Khmer families. To date the province has provided land to 95 percent of the Khmer people and 60 percent of the peasants have been persuaded to enter into collective livelihood. Thanks to investment in new varieties and the application of scientific-technical advances, the rice yield increased from 1.6 tons per hectare in 19890 to 4 to 5 tons per hectare in 1984. The people also developed more than 400 traditional handicrafts cooperative teams.

Because of the results attained in transforming and building production relations, the material, cultural, and spiritual lives of the Khmer people have been improved.

In the 1984-1985 academic year nearly 5,000 Khmer students in the province studied in general schools which taught in both the Vietnamese and Khmer languages. They accounted for 65 percent of the school-age children and represented nearly a five-fold increase over the 1975-1976 academic year. There were nearly 58 nursery schools with nearly 2,000 pupils and 66 teachers and 2,241 supplementary education classes with nearly 10,000 students. More than 200 Khmer teachers have been trained, which has increased the total to 1,184. Ten additional general schools, including three solidly built schools, were built, in which the state invested more than 10 million dong. More than

10,000 desks and chairs were built and the number of classrooms increased from 418 in 1976 to 5540 in 1984. All of the villages have elementary general schools and 100 percent of the hamlets have schools for the Khmer people. Hau Giang has taken the initiative in editing materials for pupils from the nursery school level to grade 12. The quality of instruction and study has steadily improved and there are more than 100 skilled teachers at the provincial and district levels.

Every year the province organizes thousands of new culture life campaigns in the hamlets. The province and the districts have organized Acha companies to campaign for the elimination of superstition. The way of life of the Khmer people has profoundly changed. The traditional ceremonies and festivals of the ethnic groups have been organized, concentrated, and made more economical. The annual Otompoc ceremony is solemnly organized and is participated in by hundreds of thousands of people. Bad customs regarding marriage and funerals have declined by nearly 60 percent. There are 115 Khmer pagodas which are the centers of cultural and artistic activity. Many districts and cities, such as Soc Trang, Long Phu, Thanh Tri, etc., have in the "the people and the state work together" movement built many local cultural projects, and organized 63 dance, and music units to serve all the hamlets. The Khmer (Hau Giang) artistic group, one of the strong professional provincial groups, was awarded an A1 prize in a national artistic competition. A cultural-artistic journal for Hau Giang Province in general and the Khmer people specifically is published regularly.

The public health network has been developed from the district level to the village level, the environment and sanitation practices have been notably improved, and diseases, especially the plague and cholera, have been treated and promptly prevented and fought.

5616

CSO: 4209/436

POPULATION, CUSTOMS AND CULTURE

FIRST NATIONAL CONGRESS OF GIAY ETHNIC GROUP HELD

Hanoi QUAN DOI NHAN DAN in Vietnamese 17 Apr 85 pp 1, 4

[VNA News Report: "First National Congress of the Giay Ethnic Group"]

[Text] Recently the first national congress of the Giay ethnic group was held in Hoang Lien Son.

More than 100 delegates from the Giay ethnic group in Hoang Lien Son, Ha Tuyen, and Lai Chau participated. Comrade Cam Ngoan, Vice Chairman of the National Assembly and Deputy Director of the Nationalities Commission, along with the leadership comrades of those provinces and a representative of Military Region 2, also participated.

The ethnic group totals about 30,000 people, who mainly live along the Vietnam-China border and are concentrated in the following districts: Muong Te and Phong Tho (Lai Chau), Muong Khuong and Bat Xat (Hoang Lien Son), and Yen Minh (Ha Tuyen).

The Giay ethnic minority people have a glorious tradition of opposing foreign aggression, especially in opposing the northern expansionist aggressors. During the time of the occupation by French colonialists the Giay ethnic group arose, resisted fiercely, and inflicted many losses on the French bandits. Since the Party assumed leadership the Giay people have been loyal to it and have made many contributions to the common revolutionary undertaking, especially in eliminating bandits.

During the period of anti-U.S. resistance for national salvation the Giay ethnic people bravely enlisted. When the Chinese troops invaded our country (February 1979) many Giay groups and individuals set a good example in combat and serving combat to defend the homeland.

Today the Giay ethnic minority people are holding their ground, have solidarity in production, and along with the other ethnic groups are prepared to fight, serve the fighting, and defend the frontiers of the homeland.

Prior to the August Revolution 95 percent of the Giay were illiterate. At present everyone knows how to read and write, one person out of 1,000 has a college education and four have middle school educations, and there are many

basic-level cadres. The number of Giay cadres and party members has steadily increased. At present 2.9 percent of the Giay people are party members who are exemplary in production and combat.

In the coming period the Giay ethnic people will continue to exert themselves, unite with the other ethnic groups, do a better job of fulfilling their production and combat missions, heighten vigilance, be prepared to smash the enemy's many-sided war of destruction, and contribute along with the entire nation to fulfilling the two strategic missions: building and defending the socialist Vietnamese homeland.

5616

CSO: 4209/447

SCIENCE AND TECHNOLOGY

BRIEFS

FIRST INDUSTRIAL ROBOT MANUFACTURED--Recently scientific cadres of the Mechanics Institute of the Vietnam Institutes of Science, the Polytechnic College, and the Labor Safety Research Institute of the Vietnam General Confederation of Labor researched, and cooperated with the Posts and Telecommunications Equipment Factory in successfully manufacturing, the first industrial robot in our country. It is an all-purpose industrial robot which can serve such industrial processes as forging, pressure processing, and metal cutting. The research and manufacture of the first-generation robot (also called a TM industrial mechanical arm) is part of a state scientific research program intended to protect the health of workers and replace workers in difficult, dangerous jobs. [Text] [Hanoi TO QUOC in Vietnamese Mar 85 p 33] 5616

CSO: 4209/408

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